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IMPACT OF WITHDRAWAL AND DISINVESTMENT FROM SOUTH AFRICA ON THE U.S. ECONOMY

HEARING

BEFORE THE

SUBCOMMITTEE ON DOMESTIC MONETARY POLICY

OF THE

COMMITTEE ON

BANKING, FINANCE AND URBAN AFFAIRS

HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

FIRST SESSION

SEPTEMBER 26, 1985

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Committee on Banking, Finance and Urban Affairs



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HOWARD LEE, *Staff Director*

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IMPACT OF WITHDRAWAL AND DISINVESTMENT FROM SOUTH AFRICA ON THE UNITED STATES ECONOMY

THURSDAY, SEPTEMBER 26, 1985

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DOMESTIC MONETARY POLICY,
COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC.

The committee met, pursuant to call, at 9:40 a.m., in room 2222, Rayburn House Office Building, Hon. Walter E. Fauntroy (chairman of the subcommittee) presiding.

Present: Chairman Fauntroy and Representative McCollum.

Chairman FAUNTROY. The subcommittee will come to order.

Our hearing today has been called to consider the effects of economic withdrawal from South Africa on the United States economy. As chairman of the Subcommittee on Domestic and Monetary Policy, I always emphasize the fact that I am also a minister, and after 14 years on this Banking, Finance and Urban Affairs Committee I have been persuaded that you cannot talk about influencing public policy without following the money.

Accordingly, those who have abhorred the system of apartheid in South Africa have not called for military aid to the ANC to overthrow the Government in South Africa, but rather for economic withdrawal in a fashion that would persuade them to dismantle this onerous system. Apartheid and the question of our support of it with economic investments is an issue which has had increased importance as both the administration and Congress move to impose sanctions upon South Africa.

While there have been numerous commentaries on the impact that withdrawal and divestiture by individual institutions would have on South African blacks, there has not been much discussion about the potential impact that such actions may have upon our own economy.

While economic pressure is the strongest weapon against apartheid, the long-run ability of the United States to maintain such pressure is dependent upon understanding the risks and opportunities for American citizens, including repercussions in the financial markets of any moratorium or default by South Africa.

Additionally, the timing of this hearing is especially auspicious in that it follows upon the meetings by South African financial leaders who would like United States financiers to maintain or extend various lines of credit to that nation. This subcommittee is interested in assessing American financial exposure to South Afri-

can borrowers and the impact that lending and business relationships with South Africa may have on American productivity, employment, and the development of our own specialty and strategic mineral resources.

Beyond being one of the most abhorrent systems known to mankind, I believe that apartheid, insofar as it is a system built on the superexploitation of labor, has caused the loss of jobs in the United States.

This exploitation of labor has yielded a higher than average rate of return for investment in South Africa which permits the creation of less costly goods that unfairly capture American markets. Evaluated in terms of investment, domestic credit or international trade, the system of apartheid not only imposes human costs to black South Africans, but as well results in economic loss to American workers.

While investors have, until recently, enjoyed extremely attractive rates of return on investments in South Africa relative to the rest of the world, American workers have suffered job losses due to investments that support apartheid. As recently as 1980, the average rate of return on investments in South Africa averaged somewhere between 25 and 30 percent. At that time, the rate of return on mining in South Africa was 25 percent while in the rest of the world it was 13 percent.

The United States has been the recipient of goods produced under apartheid in South Africa. While the changing international division of labor and the failure of corporations to modernize their plant and equipment are major causes of the shift to imports, the super exploitation of labor in South Africa brought about by apartheid has, for example, favored the importation of South African steel with the potential cost to the United States of 1,400 jobs in American steel and 3,400 jobs in other sectors of the economy. From 1974 to 1984, exports of South African steel to the United States increased by 5,000 percent. Without a doubt, the repression of people in South Africa deeply affects working people in the United States and in other countries which invest in South Africa.

For all of these facts, we must still confront the argument that we are strategically dependent upon South Africa for various metal and metallurgical alloys. It has been stated that in many cases we would face higher costs of production, that we might become dependent upon other politically unacceptable nations, and that, in the end, our employment might suffer even more. That view, of course, postulates a proposition that Americans are uninventive and is built upon the narrow view that American productive apparatus is rigid and incapable of change. Well, I reject that view.

While some companies, like Goodyear, continue to invest in South Africa, we welcome the recent increases in those firms who have divested their holdings. Eighteen such firms have divested during the past year including General Foods, Philbro Salomon, and Pan Am Airways. Which of these firms is more adequately serving American interests?

A part of the reason for this hearing is to address that question and the questions of the impact on the American economy of withdrawal from South Africa. We must assess whether the United States economic interest is served through encouragement of a

system which utilizes slave labor as its primary means of employment. Have we lost opportunities in other nations as a result of our current relationship with South Africa? More importantly, have we lost opportunities in developing new technologies, and new production techniques as a result of our dependency upon South Africa?

These are the issues I have asked our witnesses to address. Additionally, I have asked them to discuss with us the possible outcomes of total United States disinvestment from South Africa. How much might disinvestment increase investment and employment opportunities in American industry? Are the raw materials currently obtained from South Africa crucial to American industry? If so, which raw materials and which industries would likely be affected? Can these materials be obtained elsewhere? Has our dependence on the products of slavery affected workers and consumers in the United States? What will the employment effects of disinvestments be?

To aid us in addressing these issues, we have a number of distinguished witnesses who have both experiences in this area and who are likely to endure the impacts of our actions. We welcome all of them.

[The news release, hearing notice and witness list follow:]

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SUBCOMMITTEE ON DOMESTIC MONETARY POLICY

OF THE

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FOR IMMEDIATE RELEASE
Wednesday, September 18, 1985

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FAUNTROY SUBCOMMITTEE TO STUDY IMPACT OF WITHDRAWAL AND DISINVESTMENT FROM SOUTH AFRICA ON U. S. ECONOMY

(WASHINGTON, D.C.) Congressman Walter E. Fauntroy, Chairman of the Subcommittee on Domestic Monetary Policy of the House Banking Committee, has announced that hearings on the impact of withdrawal and disinvestment from South Africa on the U. S. economy and domestic credit will be held on THURSDAY, SEPTEMBER 26, 1985, AT 9:30 AM in Room 2222 of the RAYBURN HOUSE OFFICE BUILDING.

The hearing is expected to address the various risks and opportunities that might flow from a policy of disinvestment or withdrawal by money managers and financial planners in companies doing business in South Africa.

The hearing will also explore the impact on the development of American specialty and strategic minerals, employment and other resources including the socio and psychological impact that may affect workers and consumers who must use products that are derived from a system of apartheid.

In announcing the hearing, Fauntroy said that "While economic pressure is the strongest weapon against apartheid, the long-run ability of the United States to maintain such pressures is dependent upon understanding the risks and opportunities for American citizens including repercussions in the financial markets of any moratorium or default by South Africa. I would hope", said Fauntroy, "that as we seek to encourage a change in South African policies, we will discover offsetting opportunities in other nations that have been missed as a result of our current relationship with South Africa."

Witnesses who have been invited include finance, labor and religious representatives as well as South African experts.

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OF THE

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NINETY-NINTH CONGRESS

WASHINGTON, DC 20515

SUBCOMMITTEE HEARING NOTICE AND WITNESS LIST

TO: Members, Subcommittee on Domestic Monetary Policy
Members, Full Committee on Banking, Finance and Urban Affairs

FROM: Walter E. Fauntroy, Chairman
Subcommittee on Domestic Monetary Policy

DATE: Wednesday, September 25, 1985

RE: Hearing on Thursday, September 26, 1985

IMPACT OF WITHDRAWAL AND DISINVESTMENT FROM SOUTH AFRICA
ON THE U. S. ECONOMY

The Subcommittee on Domestic Monetary Policy will meet at 9:30 AM on THURSDAY, SEPTEMBER 26, 1985, in Room 2222 RAYBURN HOUSE OFFICE BUILDING to take testimony on the potential impact of withdrawal and disinvestment from South Africa on the United States economy.

WITNESSES

Panel One

Reverend William Howard, Executive Director
Office of the Black Council, Reformed Church in America

Reverend Carol Somplatsky-Jarman, Director
Interfaith Center on Corporate Responsibility;
accompanied by Dr. Aubrey C. Smock, World Issues Secretary
United Church Board for World Ministries, United Church of Christ
Dr. Jean Sindab, Executive Director, Washington Office on Africa

Panel Two

Ms. Lisa Marie Aubrey, Ph.D. candidate in Comparative Politics
with specialty in South Africa at Ohio State University

respondents

Marty Ellington, student, Georgetown University
D. C. Student Coalition Against Apartheid and Racism

Ms. Lisa Williamson, student, Rutgers University
Rutgers Coalition for Total Divestment

Chairman FAUNTROY. Before we proceed, let me first, however, recognize my colleague and ranking member of the subcommittee, Mr. McCollum of Florida.

Mr. McCOLLUM. Thank you very much, Mr. Chairman.

I look forward to these hearings. I know that there are questions to be answered such as the allegations that the steel industry in the United States would be adversely affected by increased costs if the importation of some of the necessary ingredients of steel be cut off from South Africa, and I know other industries have raised those questions as well. I have listened to your statement and I look forward to hearing from the witnesses.

Thank you.

Chairman FAUNTROY. I thank you, Mr. McCollum.

Our first panel, is composed of the Reverend William Howard, executive director of the office of the black council, Reformed Church in America; the Reverend Carol Somplatsky-Jarman, director, accompanied by Dr. Aubrey C. Smock, world issues secretary, United Church Board for World Ministries, United Church of Christ; and we will be joined shortly by Dr. Sindab, director of the Washington Office on Africa. Dr. Howard, we are very pleased to welcome you to the hearing, and we look forward with great anticipation to your testimony. You may proceed in whatever manner you choose.

STATEMENT OF REV. WILLIAM HOWARD, JR., EXECUTIVE DIRECTOR OF THE BLACK COUNCIL, REFORMED CHURCH IN AMERICA

Reverend HOWARD. Thank you, Mr. Chairman. I am indebted to you for this opportunity, and of course one added dimension of this privilege is to sit at the table with people who are more expert on the subject than myself. Because you have just received my testimony and because it is brief, I hope you will allow me to read the text as submitted, if that is permissible.

Mr. Chairman, my name is William Howard. I am a Baptist minister who has worked with the Reformed Church in America [RCA] for over a decade. The Reformed Church is the oldest continuing Protestant Church in the United States, having been founded in New York in the year 1628. As you will probably know, the Reformed Church in America was known until 1867 as the Dutch Reformed Church in America, because of its origins in Holland among the Dutch followers of the Swiss theologian, John Calvin, a key architect of the Protest Reformation.

This background is important to mention because it is precisely because of these roots that the RCA has taken an extraordinary interest in the apartheid policy of the South Africa Government. Apartheid has its origins in the peculiar interpretations of the Christian Gospel by South Africa's Dutch Reformed Church [DRC]. Apartheid was a church policy before it became a government policy. Its most ardent defenders are theologians, not politicians. Therefore, because the Reformed Church in America shares so much with the DRC in terms of ethnic heritage and theological roots, and because it differs so fundamentally with the South African proapartheid church on the country's policy of "separate devel-

opment," the RCA feels that the very integrity of the church and of the gospel is at stake.

I will not rehearse here the long history of correspondence and dialog which has gone on over the years between the DRC and the RCA on the matter of apartheid. But suffice it to say that, after these exchanges bore no visible fruit in terms of either a change in the Government's policy or the church's posture, the RCA voted in 1982 to suspend any further dialog between the two churches until the one in South Africa had abandoned its support for the apartheid system.

Two years prior to that, in 1980, the RCA, after extensive examination of the issues and two separate visits to South Africa, where this matter was of special focus, voted to divest its stock holdings from all companies presently operating in South Africa which refused to withdraw from that country, and not to do business with banking institutions which lend money to the South African Government or its agencies.

In an effort to illustrate my involvement in church and non-church efforts against apartheid, allow me to say that in 1977, I helped to spearhead the southern Africa policy statement of the National Council of Churches which prohibited that organization of 31 national denominations from banking with institutions involved with the South African Government. In 1979, as president of that body, I presided over the withdrawal of the council's holdings from Citibank, a major lender to South Africa. Subsequent to that time, I have served as chairperson of the United Nations-sponsored Seminar on Bank Loans to South Africa in Zurich and as president of the North American Conference on Action Against Apartheid, the largest ever assembly of antiapartheid activists and organizations in this hemisphere.

Currently, I serve as a vice-chair of the American Committee on Africa, the Nation's oldest organization opposing South Africa's racial policies. It is from this background and the experience of growing up black in America's rural south that I speak.

With your forbearance this morning I would like to focus in my brief words on the economic consequences of the failure to divest. Sir, as you know, I am a citizen of New Jersey, the Garden State, and we were quite proud of our Republican Governor, the Honorable Tom Kean, when he signed into law the most comprehensive legislation yet, prohibiting State pension funds from being invested in corporations doing business in South Africa. Certainly Governor Kean did not take lightly the economic issues involved in his decision, but he made quite clear in announcing his decision that historic day, that in his view the economic considerations involved in this issue are rendered insignificant in the face of the overwhelming moral imperative that we have to oppose the apartheid system.

It is with a certain sense of irony that I, and my many colleagues in the United States antiapartheid movement, view the current dilemma of United States corporations and banks with business interests in South Africa. This is so because what they are seeing unfold in terms of the unstable business climate and the failure of South Africa to make good on its debt, is what we who have been speaking to them for so many years have been predicting.

Just a few short years ago, in a number of meetings which I personally participated in, corporate leaders refused to admit to factoring into their decisions about their involvement in South Africa any moral considerations. Today, however, in similar meetings, they would appear to have the public believe that their involvement in South Africa is almost solely due to their interest in ending that unjust system.

Mr. Chairman, hardly anyone is convinced by this, I am afraid. So rather than being regarded as a force for progressive, nonviolent change, which could have been in fact quite good for business in the long term, American business is regarded by virtually all those South Africans who have risked their lives to oppose apartheid, as agents of apartheid. With each additional day that American firms remain and continue trying to justify their presence in South Africa with more and more transparent reasoning, the more hostile those who are part of the resistance, and who are likely to inherit the future free South Africa, become toward American business enterprises. Bishop Desmond Tutu told me once that when South Africa is a free country, the freedom fighters will remember who were their friends.

I suggest, therefore, that it is precisely on the long-term economic interests which we must focus now, and not so much on the relatively minor, short-term dislocations which the current campaign for economic disengagement may cause. As a matter of fact, it is mainly due to the failure by United States business leaders to anticipate the poor business climate which we see emerging in South Africa today, and because they still refuse to accept responsibility for the aid and comfort which their presence in South Africa gives to the racist regime, that they have come closer to actually jeopardizing their assets and putting at risk the investors who have given them their trust.

The long-term business interests with regard to markets, investments, access to South Africa's vast mineral resources, et cetera, is being threatened by the existing policies and practices of the United States public and private sectors far more than the call for withdrawal or divestment. The jury is still out on whether institutional investors will be at a disadvantage if their portfolios are divested of all South Africa-related holdings.

Some project a loss while others have divested at an advantage. But it stands to reason that if Government and business in the United States are perceived by the South African majority as being in opposition to their political goals, this fact will not augur well for the future of American business in that region. What anti-apartheid South Africans see, no matter how business leaders would like to have it seen, is United States: South Africa's No. 1 trading partner. Call it economic constructive engagement.

Even if U.S. business leaders are now committed to doing more things concretely to bring pressure to bear on the Botha government, it may be too late to preserve their freedom to act. Already these firms are being pulled more and more directly into the quagmire. Not only are their assets becoming less and less secure, but United States auto manufacturers and computer firms based in South Africa, for example, may soon be forced into a more overt

alliance with the repressive South African Government if the current "state of emergency" fails to quell the escalating rebellion.

Should this happen, while purely economic issues will continue to be part of the total picture, they will pale in the face of the domestic reaction that will come more aggressively than before from the U.S. opponents of the apartheid system, reflecting the offense that apartheid represents to the deeply held ideals and values which makes the country what it is. Many Americans, while appreciating that their country has legitimate economic interests in different parts of the world, do not accept that we must ride roughshod over the very soul of the nation in pursuit of those interests. And there is no question in my mind that allying ourselves with South Africa for any reason is to do just that.

Business leaders have said frequently that their South Africa operations represents a minuscule percentage of their business earnings. They say that they could easily withdraw and avoid the criticism which they are now having to address. Mr. Chairman, I call on them today to withdraw, to cut their losses. By so doing, they, in my opinion, would be making a prudent investment in the future. By their own admission, they would lose relatively little by this action. Then those of us who have been working hard to achieve divestment legislation in local, State and Federal levels of Government could spend our energies elsewhere. Those brokerage houses who have dared to begin to create South Africa-free portfolios can get back to their normal work. And perhaps some of the ideas which have been put forward by advocates of investment alternatives can be profitably considered for the benefit of the many blighted communities here in the United States of America that cry out for economic development.

I fully agree with Governor Kean, and I agree with Martin Luther King, Jr., who articulated essentially the same perspective as the Governor, but 24 years earlier. Dr. King urged us to disengage economically from South Africa in 1961. We would be in a much better situation now had we taken his advice. Dr. Allan Boesak called upon us again on July 23 of this year to disengage. Since then he has been put in jail because he has spoken convincingly about the effectiveness of economic pressure in ending apartheid. Obviously, by jailing him the Government of South Africa is convinced of the effectiveness of Dr. Boesak's strategy. It only stands to reason that enlightened American business would also understand this.

I thank you.

[The prepared statement of Mr. Howard follows:]

UNITED STATES ECONOMIC DISENGAGEMENT
FROM APARTHEID SOUTH AFRICA

Testimony to the U.S. House of Representatives Subcommittee
on
Domestic Monetary Policy

Submitted by M. William Howard, Jr., Executive Director of
the Black Council, Reformed Church in America
September 26, 1985

Mr. Chairman,

My Name is William Howard. I am a Baptist Minister who has worked with the Reformed Church in America (RCA) for over a decade. The Reformed Church is the oldest continuing protestant church in the United States, having been founded in New York in the year 1628. As you will probably know, the Reformed Church in America was known until 1867 as the Dutch Reformed Church in America, because of its origins in Holland among the Dutch followers of the Swiss theologian, John Calvin, a key architect of the Protestant Reformation.

This background is important to mention because it is precisely because of these roots that the RCA has taken an extraordinary interest in the apartheid policy of the South Africa government. Apartheid has its origins in the peculiar interpretations of the Christian Gospel by South Africa's Dutch Reformed Church (DRC). Apartheid was a church policy before it became a government policy. Its most ardent defenders are theologians, not politicians. Therefore, because the Reformed Church in America shares so much with the DRC in terms of ethnic heritage and theological roots, and because it differs so fundamentally with the South African pro-Apartheid church on the country's policy of "separate development", the RCA feels that the very integrity of the church and of the gospel is at stake.

I will not rehearse here the long history of correspondence and dialogue which has gone on over the years between the DRC and the RCA on the matter of Apartheid. But suffice it to say that, after these exchanges bore no visible fruit in terms of either a change in the government's policy of the church's posture, the RCA voted in 1982 to suspend any further dialogue between the two churches until the one in South Africa had abandoned its support for the Apartheid system.

Two years prior to that, in 1980, the RCA, after extensive examination of the issues and two separate visits to South Africa, voted to divest its stock holdings from all companies presently operating in South Africa which refused to withdraw

from that country, and not to do business with banking institutions which lend money to the South African government or its agencies.

In an effort to illustrate my involvement in Church and non-church efforts against apartheid, allow me to say that in 1977, I helped to spearhead the Southern Africa Policy Statement of the National Council of Churches which prohibited that organization of 31 national denominations from banking with institutions involved with the South African government. In 1979, as President of that body, I presided over the withdrawal of the Council's holdings from Citibank, a major lender to South Africa. Subsequent to that time, I have served as chairperson of the United Nations-sponsored Seminar on Bank Loans to South Africa in Zurich and as President of the North American Conference on Action Against Apartheid, the largest ever assembly of anti-apartheid activists and organizations in this hemisphere. Currently, I serve as a Vice-Chair of the American Committee on Africa, the nation's oldest organization opposing South Africa's racial policies.

It is from this background and the experience of growing up Black in America's rural South that I speak.

It is with a certain sense of irony that I, and many of my colleagues in the U.S. anti-apartheid movement, view the current dilemma of U.S. corporations and banks with business interests in South Africa. This is so because what they are seeing unfold in terms of the unstable business climate and the failure of South Africa to make good on its debt, is what we who have been speaking to them for so many years have been predicting.

Just a few short years ago, most corporate leaders refused to admit to factoring into their decisions about their involvement in South Africa, any moral considerations. Today, however, they would appear to have the public believe that their involvement in South Africa is almost solely due to their interest in ending that unjust system.

Mr. Chairman, hardly anyone is convinced by this, I am afraid. So rather than being regarded as a force for progressive, non-violent change, which could have been in fact quite good for business in the long term, American business is regarded by virtually all those South Africans who have risked their lives to oppose apartheid, as agents of Apartheid.

With each additional day that American firms remain and continue trying to justify their presence in South Africa with more and more transparent reasoning, the more hostile those who are part of the resistance, and who are likely to

inherit the future free South Africa, become toward American business enterprises. Bishop Desmond Tutu told me once that when South Africa is a free country, the freedom fighters will remember who were their friends.

I suggest, therefore, that it is precisely on the long term economic interests which we must focus now, and not so much on the relatively minor, short term dislocations which the current campaign for economic disengagement may cause. As a matter of fact, it is mainly due to the failure by U.S. business leaders to anticipate the poor business climate which we see emerging in South Africa today, and because they still refuse to accept responsibility for the aid and comfort which their presence in South Africa gives to the racist regime, that they have come closer to actually jeopardizing their assets and putting at risk the investors who have given them their trust.

The long term business interests with regard to markets, investments, access to South Africa's vast mineral resources, etc., is being threatened by the existing policies and practices of the U.S. public and private sectors far more than the call for withdrawal or divestment. The jury is still out on whether institutional investors will be at a disadvantage if their portfolios are divested of all South Africa-related holdings. Some project a loss while others have divested at an advantage. But it stands to reason that if government and business in the U.S. are perceived by the South African majority as being in opposition to their political goals, this fact will not augur well for the future for American business in that region. What anti-Apartheid South Africans see, no matter how business leaders would like to have it seen, is USA: South Africa's #1 Trading Partner (Call it Economic Constructive Engagement).

Even if U.S. business leaders are now committed to doing more things concretely to bring pressure to bear on the Botha government, it may be too late to preserve their freedom to act. Already these firms ~~are~~ ^{are} being pulled more and more directly into the quagmire. Not only are their assets becoming less and less secure, but U.S. auto manufacturers and computer firms based in South Africa, for example, may soon be forced into a more overt alliance with the repressive South African government if the current "State of Emergency" fails to quell the escalating rebellion.

Should this happen, while purely economic issues will continue to be part of the total picture, they will pale in the face of the domestic reaction that will come more aggressively than before from the U.S. opponents of the Apartheid system, reflecting the offense that Apartheid represents to the deeply-held ideals and values which make the country what it is. Many Americans, while appreciating that their country has legitimate economic interests in

different parts of the world, do not accept that we must ride rough-shod over the very soul of the nation in pursuit of those interests. And there is no question in my mind that allying ourselves with South Africa for any reason is to do just that.

Business leaders have said frequently that their South Africa operations represents a miniscule percentage of their business earnings. They say that they could easily withdraw and avoid the criticisms which they are now having to address. Mr. Chairman, I call on them today to withdraw, to cut their losses. By so doing, they, in my opinion, would be making a prudent investment in the future. By their own admission, they would lose relatively little by this action. Then those of us who have been working hard to achieve divestment legislation in local, state and federal government could spend our energies elsewhere. Those brokerage houses who have dared to begin to create South Africa-free portfolios can get back to their normal work. And perhaps some of the ideas which have been put forward by advocates of investment alternatives can be profitably considered for the benefit of the many blighted communities here in the USA that cry out for economic development.

Dr. King urged us to disengage economically from South Africa twenty-four years ago. We would be in a much better situation now had we taken his advice. Dr. Allen Boesak called upon us again on July 23rd of this year to disengage. Since then he has been put in jail because he has spoken convincingly about the effectiveness of economic pressure in ending Apartheid. Obviously, the government of South Africa is convinced of the effectiveness of Dr. Boesak's strategy. It only stands to reason that U.S. corporations would be too.

THANK YOU.

Chairman FAUNTROY. Thank you very much, Dr. Howard, for a very comprehensive and perceptive analysis of the question before us, and for some useful recommendations for how we should handle both the moral and economic dilemma that investment in South Africa poses for all of us. If you would remain at the witness table until the other panelists have spoken, we will have questions to ask.

We now move to Dr. Jarman. We are so very pleased to have you, and we look forward to your testimony as well. You may proceed in whatever manner you choose.

STATEMENT OF REV. CAROL SOMPLATSKY-JARMAN, DIRECTOR, INTERNATIONAL JUSTICE, INTERFAITH CENTER ON CORPORATE RESPONSIBILITY

Reverend JARMAN. Thank you. I will read parts of my testimony and summarize. My name is Carol Somplatsky-Jarman, and I am the director of International Justice of the Interfaith Center on Corporate Responsibility, a coalition of U.S. church investors concerned with corporate social responsibility. Our member agencies include 17 Protestant denominations and agencies and more than 200 Roman Catholic orders and dioceses which seek to have their social concerns reflected in the practices of corporations in which they own stock.

I want to thank Congressman Fauntroy and the Subcommittee on Domestic and Monetary Policy for holding hearings on South Africa. ICCR's membership is much too broad and diverse for me to suggest that I could speak for all of them, but I can state with assurance that the membership is deeply concerned with the situation in South Africa where racism is institutionalized by the white minority government.

Thus today I will attempt to mirror some of the thinking, analysis and actions that members of ICCR have taken on South Africa. In doing so, I also believe that I am representing concerns of our member churches. Over the years we have seen changes in the policies of United States banks concerning lending to South Africa. Most major United States banks now have a policy prohibiting loans to the South African Government. In the churches, we view this as a battle which we have already won and, therefore, believe the action taken earlier this month by President Reagan does not advance us at all. However, there is increasing evidence of the importance of ending bank loans to the private sector, and this is a matter to which the churches have turned their attention. There are now a number of United States banks which have ended their loans to the South African private sector including First National Bank of Boston, Wells Fargo, Chase Manhattan Bank, Mellon Bank, and Harris Bankcorp.

One major reason for the concern over this issue is the tremendous increase in private sector lending since 1980. Between the end of 1980 and 1984, lending by United States banks to the South Africa economy increased 4.5-fold. Lending to the Government and Government-owned corporations remained relatively stable during this time. It was the bank-to-bank lending which increased most dramatically during this time—a seven-fold increase.

It appears to church observers that the rise in private sector lending is little more than a back door for the banks to lend to the South African Government. The concern is that money is "fungible." In other words, money cannot be traced directly, but the larger the pool of money, the more capital is available for lending purposes.

In an early spring interview with the New York Times on bank lending to South Africa, Harry Taylor, president of Manufacturers Hanover, said:

Can this money be on-lent to the public sector? Of course, money is fungible. If you lend money to a bank, even though you may know the purpose of the funds, you're freeing resources that can be lent elsewhere.

The churches concur with this view.

This same issue was raised by Gerald Miller, former chairman of Nedbank, during a recent visit with church shareholders. According to Miller, there were two reasons for the radical increase in United States lending to South African banks. The first was the low cost of funds, because of the low prime interest rate of United States banks, which we may find hard to believe that South Africa rates were higher. The second was the South African banks were so heavily involved in new lending to government projects, and United States bank lending freed up funds for their South African

partners to continue. Even their trade-related loans go into this pool of funds.

There is a third reason U.S. church representatives are concerned about bank-to-bank lending. Earlier this year, during a meeting with a top-level officer of one of the money-center banks, church leaders expressed concern about lending to South African banks. The bank official indicated that it was difficult to prevent funds for one purpose from being used for another. He cited a hypothetical example of a 180-day trade-related loan where the money was used to finance trade-related purchases for 90 days and would be used for other purposes during the remaining 90 days. At the end of the loan's 180-day term, it could be renewed. From a practical point of view, he indicated there would be no difference between this and a long-term loan from the South Africa perspective.

A recent report prepared by the World Council of Churches indicates the importance of the interbank lending for the South African economy.

According to the report, for the period from mid-1982 to the end of 1984, South African banks as a group rank third among the world's banks in terms of the total dollar amount of loans in which they participated to South Africa. This is a jump from position No. 12 to No. 3. The total number of loans during this period was 24; the dollar amount of loan participation was \$1,382.3 million. The previous figure for participation of South African bank was \$182.2 million, an increase of 658 percent, which was the greatest represented for any bank listed or any national bank grouping.

We have also been concerned about European lending, because there have been some reports to the churches that we can't at this time confirm, that money is being loaned by United States banks to European banks, and these banks in turn are lending this money on to the South African Government. The World Council of Churches report indicates that there has been a radical increase in the percentage increase of European lending to South Africa, with the high of Austria increasing by 326 percent, from the period prior to mid-1982 to the current period, 1982 to 1984.

In addition, some United States banks and bank subsidiaries have been involved in lending in Eurocurrency markets to South African banks. A special June 1984 supplement to *Euromoney* on South Africa indicated Citicorp CMG and Morgan Guaranty Trust Corp. managed loans in this way to Barclays Bank and then Barclays Bank is listed as having been involved in loans to ESCOM. While it is not clear how the funds are used, it is again a question of fungibility.

Again, over the years, church representatives have expressed concern over types of loans in which United States banks have participated. Over the years we have monitored as a number of United States banks have been involved in loans that we would consider questionable to state agencies such as ESCOM, and to companies in South Africa such as the African explosives and chemical industry, which was important to the South African Government. Reports prepared on this issue also indicated a number of loans to Volskas Bank from U.S. banks such as Chase Manhattan, Citicorp, First National Boston, and Manufacturers Hanover. It is not clear that this interbank lending has been a good practice either for the South African

economy or for the United States banks. It appears that the way the lending was handled created a precarious "stack of cards" which we recently witnessed collapse. As indicated in the story earlier about the distinctions between a long-term loan and a short-term loan which is repeatedly rolled over, it appears that money which South African banks borrowed short term on the international markets was being loaned in South Africa as long-term funds.

It is this practice which has been cited recently as one that led to the rapid deterioration of the South African economic position. It has been estimated that South Africa's short-term debt amounted to \$12 billion when the crisis hit, and that between \$800 million and \$1 billion of these loans have not been rolled over in the last 2 months. The South African's have been unable to cope with these demands on their capital reserves and have responded with a moratorium on debt principal repayments, among other things.

The U.S. bankers made at least two mistakes. First, they did not monitor closely enough the lending practices of their South African counterparts and the end-use of their money. They also did not heed the warnings of church officials and others who warned about the instability of the South African situation for years, a factor which contributed heavily to the slide of the South African economy.

Due to the fragile state of the South African economy, we in the churches call upon the Subcommittee on Domestic Monetary Policy to require that United States banks reveal the size of their outstanding loans to South Africa and identify the borrowers. The SEC recently considered such a requirement, then backed off. Such information would be important for those of us involved in the anti-apartheid movement. It would also be important for any U.S. citizen wishing to evaluate the health of their bank.

Finally, I would like to take note of Citicorp, one of the 12 "focus companies" identified by the churches through ICCR, a subject my colleague Dr. Audrey Smock will discuss in greater detail. Citicorp is the only United States bank with a full-scale banking operation in South Africa. It is the only U.S. bank which accepts deposits in that country. Citicorp also participated in the most recent loan by an American bank consortium to the South African Government. Finally, it has the largest portfolio of loan participation to South Africa of any American bank.

I would also like to call to your attention, in case you have not seen it in today's New York Times, that Anthony Lewis is now saying that United States companies ought to get out of South Africa, and is giving as the date January of this year, when the loans are scheduled to be renewed or rescheduled in South Africa, and that if apartheid has not ended, United States corporations ought to get out. He also states that other institutions in this country ought to divest of those corporations which do not.

Thank you.

[The prepared statement of Reverend Somplatsky-Jarman follows:]



INTERFAITH CENTER ON CORPORATE RESPONSIBILITY

A Sponsored Related Movement of the National Council of Churches
475 Riverside Drive • Room 546 • New York, NY 10115 (212) 870-2936

TESTIMONY OF REV. CAROL L. SOMPLATSKY-JARMAN, DIRECTOR,
INTERNATIONAL JUSTICE, INTERFAITH CENTER ON CORPORATE
RESPONSIBILITY (ICCR), BEFORE THE SUBCOMMITTEE ON
DOMESTIC MONETARY POLICY OF THE COMMITTEE ON BANKING,
FINANCE AND URBAN AFFAIRS, U.S. HOUSE OF REPRESENTATIVES

SEPTEMBER 26, 1985

Hello, my name is Carol L. Somplatsky-Jarman, Director of International Justice of the Interfaith Center on Corporate Responsibility, a coalition of United States church investors concerned with corporate social responsibility. Our member agencies include 17 Protestant denominations and agencies and more than 200 Roman Catholic orders and Diocese which seek to have their social concerns reflected in the practices of corporations in which they own stock.

I want to thank Congressman Fauntroy and the Subcommittee on Domestic and Monetary Policy for holding hearings on South Africa. ICCR's membership is much too broad and diverse for me to suggest that I could speak for all of them, but I can state with assurance that the membership is deeply concerned with the situation in South Africa where racism is institutionalized by the white minority government. Thus today I will attempt to mirror some of the thinking, analysis and actions that members of ICCR have taken on South Africa. In doing so, I also believe that I am representing concerns of our partner churches.

ICCR and its member churches have been working on issues related to South Africa for more than 15 years. During that time we have met with and filed shareholder resolutions with many of the U.S. banks involved in South Africa trying to get them to first end their bank loans to the South African government and its agencies, and, more recently, to cease all lending to the South African government.

Loans from international banks have made an important contribution to propping up the South African apartheid regime over the years. In 1972, then South Africa Prime Minister, J. Vorster, stated:

Each trade agreement, each bank loan, each new investment is another brick in the wall of our continued existence.

In 1984, then Finance Minister, O. Borwood confirmed that loans to his country were becoming of relatively greater importance than equity investments. And, more recently, Gerhard De Kock, governor of the South African Reserve Bank, traveled abroad to attempt to assure the international banking community and American officials that South Africa would be able to handle its internal crisis, and, over the long term, maintain its standing as a sound investment.

Over the years, we have seen a number of changes in the policies of U.S. banks concerning lending to South Africa. Most major U.S. banks now have a policy prohibiting loans to the South African government. In the churches, we view this as a battle which we have already won and, therefore, believe the action taken earlier this month by President Reagan does not advance us at all.

However, there is increasing evidence of the importance of ending bank loans to the private sector, and this is a matter to which the churches have turned their attention. There are now a number of U.S. banks which have ended their loans to the South African private sector including First National Bank of Boston, Wells Fargo, Chase Manhattan Bank, Mellon Bank and Harris Bancorp.

One major reason for the concern over this issue is the tremendous increase in private sector lending since 1980. Between the end of 1980 and 1984, lending by U.S. banks to the South African economy increased 4.5 fold. Lending to the government and government-owned corporations remained relatively stable during this time. It was the bank-to-bank lending which increased most dramatically during this time-- a seven fold increase.

It appears to church observers that the rise in private sector lending is little more than a back door for the banks to lend to the South African government. The concern is that money is "fungible." In other words, money can not be traced directly, but the larger the pool of money, the more capital is available for lending purposes.

In a recent interview with The New York Times on bank lending to South Africa, Harry Taylor, President of Manufacturers Hanover, said:

"Can the money be on-lent to the public sector? Of course, money is fungible. If you lend money to a bank, even though you may know the purpose of the funds, you're freeing resources that can be lent elsewhere." (sic.)

This same issue was raised by Gerald Miller, former Chairman of Nedbank, during a recent visit with church shareholders. According to Miller, there were two reasons for the radical increase in U.S. lending to South African banks. The first was the low cost of funds, because of the low prime interest rate of U.S. banks. The second was the South African banks were so heavily involved in new lending to government projects, and U.S. bank lending freed up funds for their South African partners to continue. Even their trade-related loans go into this pool of funds.

There is a third reason U.S. church representatives are concerned about bank-to-bank lending. Earlier this year during a meeting with a top-level officer of one of the money-center banks, church leaders expressed concern about lending to South African banks. The bank official indicated that it was difficult to prevent funds for one purpose from being used for another. He cited a hypothetical example of a 180-day trade-related loan where the money was used to finance trade-related purchases for 90 days and could be used for other purposes during the remaining 90 days. At the end of the loan's 180-day term, it could be renewed. From a practical point of view, he indicated there would be no difference between this and a long-term loan.

A recent report prepared by the World Council of Churches indicates the importance of the interbank lending for the South African economy. According to the report, for the period from mid-1982 to the end of 1984, South African banks as a group ranked third among the world's banks in terms of the total dollar amount of loans in which they participated in to South Africa. This is a jump from position number 12 to number 3. The total number of loans during this period was 24; the dollar amount of loan participation was \$1382.3 million.

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The figure for participation of South African banks was \$182.2 million, an increase of 658 percent, more than any other national bank group reported. Nedbank was the most important of these banks, with a participation in 19 loans for a total of \$1158.1 million.

There have been private reports to church officials indicating that U.S. banks may be lending to European banks, which, in turn, may be lending to the South African government. While I can offer no proof of this allegation as yet, I would like to point out the increases in European lending to South Africa. In the period mid-1982 to 1984, European bank lending to South Africa increased over the previous period (1979 to mid-1982) by the following amounts:

Austria	326.2
Luxembourg	242.8
Italy	225.5
Spain	190
France	90.3
United Kingdom	83.2
Belgium	58
Switzerland	52.3
Federal Republic of Germany	37.4

In addition, some U.S. banks and bank subsidiaries have been involved in lending in Eurocurrency markets to South African banks. A special June 1984 supplement to Euromoney on South Africa indicated Citicorp CMG and Morgan Guaranty Trust Corporation managed one loan (November 1983) and Citicorp CMG alone managed another (date not available) to Barclays National Bank. Barclays National Bank later managed a major loan to the South African Electric Supply Commission (ESCOM). It is this reality of "on-lending", i.e., where money makes its way into the hands of the South African government and its agencies that concerns church representatives.

Over the years, church representatives have expressed concern about a number of loans in which U.S. banks participated. Two reports (covering the years 1979 to May 1984) prepared by researcher Beate Klein detailed loans to South Africa by banks around the world. Both reports indicated a number of loans by U.S. banks that were of a questionable nature. These included loans to state agencies such as the Electric Supply Commission (ESCOM) as well as to companies such as the African Explosives and Chemical Industry which was very important to the South African government.

The reports also listed a number of loans to Volksas Bank from U.S. banks such as Chase Manhattan, Citicorp, First National Boston, Manufacturers Hanover. It is this bank-to-bank lending which church representatives believe may be a way of lending through the back door to the South African government.

It is not clear that this interbank lending has been a good practice either for the South African economy or for the U.S. banks. It appears that the way the lending was handled created a precarious "stack of cards" which we recently witnessed collapse. As indicated in the story earlier about the distinctions between a long-term loan and a short-term loan which is repeatedly "rolled over," it appears that money which South African banks borrowed short-term on the international markets was being loaned in South Africa as long term funds.

It is this practice which has been cited recently as one that led to the rapid deterioration of the South African economic position. It has been estimated that South Africa's short-term debt amounted to \$12 billion when the crisis hit, and that between \$800 million and \$1 billion of these loans have not been rolled over in the last two months. The South Africans have been unable to cope with these demands on their capital reserves and have responded with a moratorium on debt principal repayments.

The U.S. bankers made at least two mistakes. First, they did not monitor closely enough the lending practices of their South African counterparts and the end-use of their money. They also did not heed the warnings of church officials and others who warned about the instability of the South African situation, a factor which contributed heavily to the slide of the South African economy.

Due to the fragile state of the South African economy, we in the churches call upon the Subcommittee on Domestic Monetary Policy to require that U.S. banks reveal the size of their outstanding loans to South Africa and identify their borrowers. The SEC recently considered such a requirement, then backed off. Such information would be important for those of us involved in the anti-apartheid movement. It would also be important for any U.S. citizen wishing to evaluate the health of their bank.

Finally, I would like to take note of Citicorp, one of the twelve "focus companies" identified by the churches through ICOR, a subject my colleague Dr. Audrey Smock will discuss in greater detail. Citicorp is the only U.S. bank with a full scale banking operation in South Africa. It is the only U.S. bank which accepts deposits in that country. Citicorp also participated in the most recent loan by an American bank consortium to the South African government. Finally, it has the largest portfolio of loan participation to South Africa of any American bank.

I want to thank the committee for allowing us to testify here today.

Chairman FAUNTROY. Thank you, Ms. Jarman. Would you kindly identify Anthony Lewis for the record.

Reverend JARMAN. Anthony Lewis, op-ed correspondent for the New York Times, has written extensively on South Africa over the past 2 years, to give us warnings that that situation was deteriorating, long before it was making front-page news.

Chairman FAUNTROY. Without objection, we will include that article in the record.

[The New York Times article referred to follows:]

ABROAD AT HOME | Anthony Lewis

'Sharp and Short and Dramatic'

The South African Government over many years has used force to crush demands for change. That is the narrower case: repression at home, aggression abroad. But this does the victims of apartheid have not been crushed. After a year, after thousands of deaths, the present continues.

The situation is different from the past in another crucial respect. The world knows that South Africa is highly vulnerable to economic pressures. We learned so last month, when

Second of two articles.

foreign bankers' loss of confidence in the country's outlook led to a run on the rand and the Government stopped payment on international debts until Jan. 1.

Knowledge brings responsibility. Those who have the power to influence South Africa must use it to help and the suffering of a great country. The responsibility rests especially on American institutions, because South Africans care so much about American views. They want to feel connected to the United States.

The time has come to make clear to South Africans that they cannot have such a connection to us while their political system is based on racism. The time has come for American banks and businessmen and universities to send that message: urgently, unequivocally.

The old arguments about whether to pull out of South Africa have really been decided, though voices linger. Events have decided them. President Botha decided them this summer when he spurned the idea of meaningful change, imposed his emergency

South Africa must hear U.S. institutions

and sent the police and army to occupy black townships.

American companies expecting in South Africa need to argue that they did good there by staying. They followed the Sullivan principles, they would say, and set a good example by desegregating factories.

But desegregating a few factories does not seem meaningful when the country is in turmoil over people's yearning for elemental rights: the right to vote, the right to live with your family. The Sullivan principles never meant much to South Africans, and they have become irrelevant.

What matters to businessmen is the attitude of the South African Government. They do not believe that the economic system will function while Mr. Botha says Never. That is why even I.B.M., which has been a principal voice for staying, has started to say it is "discouraged" and to deplore the "intemperance of the South African Government."

Opponents of disinvestment have also argued that it would hurt blacks in South Africa. But according to recent studies, blacks favor the idea overwhelmingly, even if they might lose their own jobs. A Gallup poll last month said 77 percent favored economic sanctions "unless South Africa agrees to get rid of the apartheid system."

An important sign of changing attitudes on disinvestment was a cover story in the Sept. 23 issue of *Business Week*. "If there is an significant program soon," the article concluded, "U.S. companies will have little moral or business reason to remain."

My view is that companies like I.B.M. and General Motors and Ford and Xerox should state their intention to leave South Africa within a very short time unless the Government agrees to real change. A convenient deadline would be Jan. 1, when South Africa is due to resume repaying foreign loans.

South African businessmen have already defined what the Government must do: end the emergency, release political prisoners, abolish apartheid and start negotiating the political future of the country. These are the minimum terms for restoring order and hope to South Africa.

The same urgency, and the same sense of what is needed, should apply at American universities and other institutional shareholders. They should undertake now to sell their shares in any company that remains in South Africa after Jan. 1, unless real change is under way.

A university is once-removed from the issue, but after the events of recent months that cannot be an excuse for inaction. Harvard's vote will be heard if it speaks clearly and firmly now: heard at I.B.M. and heard in South Africa.

Bishop Desmond Tutu, speaking by telephone to the University of Indiana last week, appealed for "sharp and short and dramatic action" from institutions abroad. That kind of intervention, he said, is "our last chance for reasonably peaceful change in South Africa." □

Chairman FAUNTROY. Let me thank you again for a valuable contribution to our understanding, particularly your emphasis upon the fungibility of money, and the extent to which it may be reflected in bank loans that our financial institutions make to financial institutions in Europe.

We now move to our next witness, Dr. Audrey C. Smock.

**STATEMENT OF AUDREY C. SMOCK, WORLD ISSUES SECRETARY,
UNITED CHURCH BOARD FOR WORLD MINISTRIES, UNITED
CHURCH OF CHRIST**

Ms. SMOCK. Mr. Chairman, distinguished members, and staff of the Subcommittee on Domestic Monetary Policy, I appreciate this opportunity to present testimony. I will read parts and summarize others.

I am Audrey C. Smock, world issues secretary of the United Church Board for World Ministries, the international agency of the United Church of Christ. The United Church Board for World Ministries is celebrating this year its 50th anniversary of mission to the people of South Africa. I also serve as the chairperson of the steering committee of the Interfaith Center on Corporate Responsibility dealing with South Africa.

I believe that my views reflect the positions of a growing number of Protestant denominations and Roman Catholic orders. The United Church of Christ and the majority of members of the Interfaith Center on Corporate Responsibility support strong sanctions against South Africa, including stringent limitations on new investment, and advocate the withdrawal of U.S. corporations from South Africa unless the apartheid system is dismantled.

More and more, the members of the Interfaith Center on Corporate Responsibility also have adopted policies mandating divestment of financial resources from corporations in South Africa. The United Church of Christ General Synod voted a pronouncement on July 2, 1985, calling upon all instrumentalities, agencies, conferences, congregations and members of the church to begin immediately the process of divestment and to complete divestment within 2 years.

Despite the severity of laws designed to prevent open discussion of economic sanctions within South Africa, the National Conference of the South African Council of Churches in June of this year voted a resolution which expresses the belief that disinvestment and similar economic pressures are now called for as a peaceful and effective means of putting pressure on the South African Government to bring about those fundamental changes the country needs.

The action also asks their partner churches in other countries to continue with their efforts to identify and promote effective economic pressures to influence the situation in South Africa toward achieving justice and peace in this country and minimizing the violence of the conflict. I testify before you today in furtherance of this request.

Why do many American South African churches advocate disinvestment? We do so because we have become increasingly aware of the extent to which direct foreign investment in South Africa has

strengthened immeasurably the economic base upon which the apartheid system rests. The United States is the second largest investor in South Africa, with between 18 and 20 percent of total direct investment in the country. Moreover, United States corporations tend to be concentrated in critical sectors of the South African economy, including energy, computers and transportation, and thus furnish the Government with the advanced technology, services and resources vital to the modernization, increasing effectiveness, and maintenance of apartheid.

In May of this year, 54 Protestant denominations, Roman Catholic orders, religious organizations, and institutions, coordinated through the Interfaith Center on Corporate Responsibility, began a new phase in our efforts to end the collaboration of United States corporations operating in South Africa with the apartheid system. We took the unprecedented step of launching a collective campaign against 12 companies whom we believe are key investors in apartheid. These 12 companies—Burroughs, Chevron, Citicorp, Control Data, Fluor, Ford, General Electric, General Motors, International Business Machines, Mobil, Newmont Mining, and Texaco—play a special role in supporting the South African Government.

Chevron, Ford, General Motors, Mobil, and Texaco provide products and services to the police and military. Burroughs, Chevron, Ford, General Electric, General Motors, International Business Machines, Mobil, Newmont Mining, and Texaco are among the largest foreign investors in South Africa as measured by the size of their assets in the country, their sales, and/or the number of employees. Burroughs, Control Data, and International Business Machines have furnished the computers and electronic equipment upon which many government departments, research facilities, and nuclear installations depend. Fluor, Chevron, Mobil, and Texaco dominate the strategic energy sector. Newmont Mining is in the front rank of the vital mining industry on which South Africa depends for much of its foreign exchange. Citicorp, through its banking system and branch offices in South Africa, furnishes essential financial assistance and has helped underwrite government bonds and government corporation debentures. Moreover, foreign corporations identified as "national key points" are required to maintain white militias on their premises and, in the event of unrest or an emergency, to turn their facilities over to the South African Government. We have reason to believe that most of the 12 companies have been or will be so designated and will be increasingly involved in governmental efforts to suppress demands for political change.

It seems more than coincidental that the heads of 10 of the biggest American companies operating in South Africa, most of which are among the 12 corporations church groups have identified as key to apartheid, announced this week that they have formed a group that they will work with businesses there in lobbying for an end to apartheid. We find it the height of irony that Mobil, General Motors, Burroughs, Fluor, International Business Machines, Citicorp, and the Caltex subsidiary jointly owned by Texaco and Chevron, have joined such a council. These corporations apparently intend to have it both ways, to continue to support prevailing patterns of apartheid power and privilege in South Africa through

their corporate operations, while claiming to advocate for reform. If these corporations were truly committed to major political changes in the apartheid system, then we believe they would respond positively to the request that churches made on May 20, and cease all sales and service relationships with the Government, and make plans to withdraw from South Africa if the apartheid system is not dismantled.

Many corporations justify their continued presence in South Africa in terms of their concern and commitment to the welfare of their employees. But as the South African Council of Churches recently observed, the churches have for many years tried to address the problem of structural unemployment in black communities and have not been aware of any serious concern being shown by the business sector, foreign or South African, until recent months when economic sanctions have become a legislative probability in the United States.

The withdrawal of American investment in South Africa would undoubtedly cause some economic dislocation and add to that country's unemployment, but the capital intensive nature of United States investment in that country and the small number of workers employed relative to the size of the investment would make the withdrawal of United States corporations far more of a political than an economic issue. United States corporations employ about 48,000 black Africans and 24,000 "coloreds" and Asians in South Africa out of a total population of 23 million blacks, 3.9 million coloreds, and Asians.

Moreover, a recent poll of urban black opinion conducted by Markinor, an affiliate of Gallup, for the London Sunday Times confirms that black South Africans want their chains to be removed, not to be made a bit more comfortable, even if this entails personal suffering. The survey found that an overwhelming majority of urban blacks, 77 percent, support economic sanctions. Although 48 percent of blacks expected to suffer personally if sanctions were imposed against South Africans, only 21 percent were opposed. People who had jobs were just as supportive of sanctions as the unemployed.

I would like to end by quoting some excerpts from the speech which Dr. Allan Boesak, president of the World Alliance of Reformed Churches and senior vice president of the South African Council of Churches presented at the 75th anniversary conference of the National Urban League on July 23, 1985. And I quote:

We have asked the world to apply economic pressure on South Africa's Government. We have said that this is a peaceful way of bringing about those changes that our country so desperately needs. And the very people, the very people in the Western World who keep on telling us that we must not react with violence and refuse to support us when we ask them to join us in nonviolent efforts to bring about the fall of apartheid.

I do not understand that. . . . and I want to say to you do not be swayed by those people who tell you that we cannot do that because black people in South Africa will suffer first. I want to ask the business community in this country who employ that argument, this question. Where were you when black people were suffering for 330 years in South Africa? Why aren't they honest? Why don't they tell us that their concern is for their profits and not for black people.

Let me tell you something else about suffering. I don't understand why people tell us: "Oh, we cannot do this because you will suffer." I would very much like to decide for myself whether I would like to suffer or not.

And when, my brothers and sisters, you have seen your child die in the wealthiest country on the continent of Africa, where white people enjoy every single privilege that modern western society can offer, and where our mothers have to mix flour with soil to make it more so that their children can have something to eat; and where in the relocation areas out of 800 graves, 515 are the graves of little children; and when our children have marched peacefully and had been mowed down by the South African police and their guns, and their hippos and their bazookas, as if they were dogs; and when you had held your dying child in your arms and you know that there is nothing you can do about it because that murder machine will come into the streets tomorrow again and more will die; when you have gone through that kind of suffering, what are people talking about?

That South African Government so feared the witness of Dr. Allan Bouesak that it ruthlessly silenced him, first, by detention, and now by his house arrest on charges of economic subversion for advocating disinvestment and divestment, is a powerful testimonial to the economic vulnerability of the apartheid system. I thank you.

[The prepared statement of Ms. Smock follows:]

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Testimony of Dr. Audrey C. Smock, World Issues Secretary
United Church Board for World Ministries, United Church of Christ
to the Subcommittee on Domestic Monetary Policy of the
Committee on Banking, Finance and Urban Affairs
September 26, 1985

Mr. Chairman, distinguished members and staff of the Subcommittee on Domestic Monetary Policy, I appreciate this opportunity to present testimony. I am Audrey C. Smock, World Issues Secretary of the United Church Board for World Ministries, the international agency of the United Church of Christ. The United Church Board for World Ministries this year is celebrating the 150th anniversary of its mission to the people of South Africa. I also serve as the chairperson of the steering committee of the Interfaith Center on Corporate Responsibility dealing with South Africa. I believe that my views reflect the positions of a growing number of Protestant denominations and Roman Catholic orders.

The United Church of Christ and the majority of members of the Interfaith Center on Corporate Responsibility support strong sanctions against South Africa, including stringent limitations on new investment, and advocate the withdrawal of United States corporations from South Africa unless the apartheid system is dismantled. More and more, the 17 Protestant denominations and more than 200 Roman Catholic orders who are members of the Interfaith Center on Corporate Responsibility also have adopted policies mandating divestment of financial resources from corporations operating in South Africa. The United Church of Christ General Synod, for example, voted a pronouncement on July 2, 1985, calling upon all instrumentalities, agencies, conferences, congregations and members of the church to begin immediately the process of divestment and to complete divestment within two years.

Despite the severity of laws designed to prevent open discussion of economic sanctions within South Africa, the National Conference of the South African Council of Churches in June of this year voted a resolution which

expresses the belief that disinvestment and similar economic pressures are now called for as a peaceful and effective means of putting pressure on the South African Government to bring about those fundamental changes the country needs.

The action also asks their partner churches in other countries

to continue with their efforts to identify and promote effective economic pressures to influence the situation in South Africa towards achieving justice and peace in this country and minimizing the violence of the conflict.

I testify before you today in furtherance of this request.

Why do many American churches and the South African Council of Churches advocate disinvestment? We do so because we have become increasingly aware of the extent to which direct foreign investment in South Africa has strengthened immeasurably the economic base upon which the apartheid system rests. As members of this subcommittee undoubtedly know, the United States is the second largest investor in South Africa with between 18 and 20 percent of total direct investment in the country. According to figures obtained by the Christian Science Monitor

from the United States Embassy in London, the United States has about \$14 billion of direct and indirect investments in South Africa. Moreover, United States corporations tend to be concentrated in critical sectors of the South African economy, including energy, computers, and transportation, and thus furnish the government with the advanced technology, services and resources vital to the modernization, increasing effectiveness, and maintenance of apartheid.

In May of this year 54 Protestant denominations, Roman Catholic orders, religious organizations, and institutions, coordinated through the Interfaith Center on Corporate Responsibility, began a new phase in our efforts to end the collaboration of United States corporations operating in South Africa with the apartheid system. We took the unprecedented step of launching a collective campaign against twelve companies whom we believe are key investors in apartheid. These twelve companies - Burroughs, Chevron, Citicorp, Control Data, Fluor, Ford, General Electric, General Motors, International Business Machines, Mobil, Newmont Mining, and Texaco - play a special role in supporting the South African Government.

Chevron, Ford, General Motors, Mobil, and Texaco provide products and services to the police and military. Burroughs, Chevron, Ford, General Electric, General Motors, International Business Machines, Mobil, Newmont Mining, and Texaco are among the largest foreign investors in South Africa as measured by the size of their assets in the country, their sales, and/or the number of employees. Burroughs, Control Data, and International Business Machines have furnished the computers and electronic equipment upon which many government departments, research facilities, and nuclear installations depend. Fluor, Chevron, Mobil, and Texaco dominate the strategic energy sector. Newmont Mining is in the front rank of the vital mining industry on which South Africa depends for most of its foreign exchange. Citicorp, through its banking system and branch offices in South Africa, furnishes essential financial assistance and has helped undergird government bonds and government corporation debentures. Moreover, foreign corporations identified as 'national key points' are required to maintain white militias on their premises and, in the event of unrest or an emergency, to turn their facilities over to the South African government. We have reason to believe that most of the twelve companies have been or will be so designated and will be increasingly involved in governmental efforts to suppress demands for political change.

We have called upon these twelve corporations to cease immediately all sales and service relationships with the South African Government and Government owned corporations. We also have appealed to them to announce publicly that their continued presence in South Africa is contingent on immediate structural changes in the apartheid system. We believe that if there has not been significant progress toward the dismantling of apartheid by the end of 1986, including such changes as the abandonment officially of the 'homelands' policy, the rescinding of apartheid laws, such as influx control and the Group Areas Act, the restoration of full political rights to all people, and the cessation of forced removals and population relocations, these corporations' continued presence in South Africa cannot be justified.

It seems more than coincidental that the heads of ten of the biggest American companies operating in South Africa, most of which are among the twelve corporations church groups have identified as key to apartheid, announced this week that they have formed a group that they say will work with businesses there in lobbying for an end to apartheid. We find it the height of irony that Mobil, General Motors, Burroughs, Fluor, International Business Machines, Citicorp and

the Caltex subsidiary jointly owned by Texaco and Chevron, have joined such a council. Some, such as Texaco, just made strong statements to their Annual Meetings last April and May that it was inappropriate for a corporation to engage in any lobbying or advocacy in South Africa. But even more, these corporations apparently intend both to continue to support prevailing patterns of apartheid, power and privilege in South Africa through their corporate operations while claiming to advocate for reform. If these corporations were truly committed to major political changes in the apartheid system they would cease all sales and service relationships with the Government and make plans to withdraw from South Africa.

Many of these corporations justify their continued presence in South Africa in terms of their commitment to the welfare of their employees. But as the South African Council of Churches recently observed, the churches have for many years tried to address the problem of structural unemployment in black communities and have not been aware of any serious concern being shown by the business sector, foreign or South African, until recent months when economic sanctions have become a legislative probability in the United States.

The withdrawal of American investment in South Africa would undoubtedly cause some economic dislocation and add to the unemployment, but the capital intensive nature of United States investment in that country and the small number of workers employed relative to the size of the investment would make the withdrawal of United States corporations far more of a political than an economic issue. United States corporations employ about 48,000 black Africans and 24,000 "coloreds" and Asians in South Africa out of a total population of 23 million blacks, and 5 million "coloreds" and Asians.

Moreover, a recent poll of urban black opinion conducted by Markinor, an affiliate of Gallup, for the London Sunday Times confirms that black South Africans want their chains to be removed, not to be made a bit more comfortable, even if this entails personal suffering. The survey found that an overwhelming majority of urban blacks, 77 percent, support economic sanctions. Although 48 percent of blacks expected to suffer personally if sanctions were imposed against South Africans, only 21 percent were opposed. People who had jobs were just as supportive of sanctions as the unemployed.

I would like to end by quoting from the speech which Dr. Allan Boesak, President of the World Alliance of Reformed Churches and Senior Vice President of the South African Council of Churches, presented at the 75th anniversary conference of the National Urban League on July 23, 1985:

We have asked the world to apply economic pressure on South Africa's government. We have said that this is a peaceful way of bringing about those changes that our country so desperately needs. And the very people, the very people in the Western World who keep on telling us that we must not react with violence refuse to support us when we ask them to join us in nonviolent efforts to bring about the fall of Apartheid. I do not understand that...And I want to say to you, do not be swayed by those people who tell you that we cannot do that because black people in South Africa will suffer first. I want to ask the business community in this country who employ that argument, this question: where were you when black people were suffering for 330 years in South Africa? Where were you when we were not allowed to bring our women, our wives, our children

to white South Africa so that we can have a decent family life? Where were you, where was your concern when our children could not have a decent education and had to grow up with "Bantu" and "Coloured" and "Indian" education? Where was your concern when we were forced away from lands that we had owned since the time that our forefathers came to that part of Africa, and brought to these concentration camps the South African government euphemistically calls "Relocation Areas?" Where was their concern then? Why aren't they honest, why don't they tell us that their concern is for their profits and not for black people?

Let me tell you something else about suffering. There is no easy walk to freedom. Which people in the world fighting for their human dignity, for their freedom, can expect the oppressor to give them that freedom on a silver platter? It doesn't happen. It didn't happen in the United States of America when this country was fighting Britain; it didn't happen anywhere else in the world. Why do people think that we must expect something different in South Africa? But let me tell you something else about suffering. I don't understand why people tell us: "Oh, we cannot do this because you will suffer." I would very much like to decide for myself whether I would like to suffer or not.

And when, my brothers and sisters, you have seen your child die in the wealthiest country on the continent of Africa, where white people enjoy every single privilege that modern western society can offer, and where our mothers have to mix flour with soil to make it more so that their children can have something to eat. And where in the relocation areas out of 800 graves, 515 are the graves of little children. And when our children have marched peacefully and had been mowed down by the South African police and their guns, and their hippos and their bazookas, as if they were dogs. And when you had held your dying child in your arms and you know that there is nothing you can do about it because that murder machine will come into the streets tomorrow again and more will die. When you have gone through that kind of suffering, what are people talking about?

That the South African Government so feared the witness of Dr. Boesak that it ruthlessly silenced him, first by detention and now by house arrest on charges of economic subversion for advocating divestment and disinvestment is a powerful testimonial to the injustice and economic vulnerability of the apartheid system.

Thank you for this opportunity to testify.

Chairman FAUNTROY. Dr. Smock, I want to thank you as well for moving testimony, and to commend you and the United Church Board for World Ministries for responding to your highest calling, that of declaring good news to the poor, binding up the broken-hearted and setting at liberty them that are bound.

You are to be commended for the courageous manner in which you have assumed the cutting edge of change on this question by not only identifying those who underpin this system from the United States, but moving forthrightly and clearly to ask the people of this country not to cooperate with them so long as they cooperate with the system.

It appalls me that while some give lip-service to austerity and cuts in Government spending, others are having a holiday both with respect to tax payments and with respect to their stewardship, with substantially increased Federal funds in the military sector. And I hope that those who read the record of this hearing in the weeks and months and decades to come will be able to look back and see the kind of efficiency and commitment that has characterized your work in this very important area translated into efficiency and commitment on the part of our Government. Thank

you so much. If you likewise will remain for questioning, I would like to move to our final witness, Dr. Sindab, executive director of the Washington Office on Africa, an organization which, like all yours, has been most perceptive and most useful to those who need substance to bolster their sentiments around the question of apartheid in South Africa.

Dr. Sindab, it is a pleasure to have you, and we look forward to your testimony. You may deliver it in whatever manner you choose.

**STATEMENT OF JEAN SINDAB, EXECUTIVE DIRECTOR,
WASHINGTON OFFICE ON AFRICA**

Ms. SINDAB. Thank you, Mr. Chairman. I welcome the opportunity to testify before your subcommittee in this important hearing on the potential impact of United States divestment from South Africa. I also would like to congratulate the committee and extend our appreciation to them for holding hearings on this very timely issue.

My name is Dr. Jean Sindab, and I am the executive director of the Washington Office on Africa, a national lobby for independence and majority rule in Southern Africa. Founded in 1972, the Washington Office on Africa is sponsored by 17 national Protestant church agencies and Catholic orders and their national trade unions.

Our church denominations have all adopted divestment resolutions and have implemented these resolutions in various degrees. Our organization, at present, is also serving as the research and legislative arm of the free South African movement.

As a leading national antiapartheid organization, the Washington Office on Africa campaigns for an end to all United States governmental and corporate support for apartheid in Southern Africa and for the implementation of national policies that promote freedom and justice in that troubled region. The abomination of South Africa's racist apartheid system and United States support for it is becoming the concern of an increasing number of American citizens.

That concern is being expressed through the free South African movement in very strong ways. That movement began on November 21, 1984, and has continued to grow across the country. More than 3,000 people have been arrested in civil disobedience at South African embassies, consular facilities and Krugerrand dealerships as part of ongoing demonstrations in 28 cities.

Krugerrand outlets across the country have also agreed to stop selling the coin; have been pressured into stopping selling Krugerrand coins as a result of the demonstrations. My point is that there is a building momentum in this country for ending United States economic support for South African.

This mounting opposition which has resulted in major media attention being focused on South Africa and United States support could not have come at a more propitious time for black South Africans. For the last year violence has wracked South Africa with declarations of a state of emergency on July 21, which has served to intensify the brutal repression of that regime.

The police and military have embarked on a blatant campaign of terrorism against black townships, which are rising up in opposition to apartheid. Over 700 people have been killed including victims as young as a 2-month-old baby tear-gassed in her crib, and a 3-year-old little girl was killed by a rubber bullet while playing in her front yard. There have been over 3,000 people arrested, again, young victims involved, children 6 and 7 rounded up in school yards and held and detained without parents knowing their whereabouts. The leaders of various antiapartheid organizations have also been targeted by the South African police in an effort to render their peaceful protests and demonstrations taking place against apartheid ineffective.

As the crisis in South Africa mounts and the situation deteriorates daily, the question to be posed for United States citizens and policymakers is what should be an adequate response to this deepening tragedy. How can the United States minimize the bloodshed and promote political freedom and economic justice in South Africa?

For many Americans, particularly those connected with institutions holding investments in South Africa, the answer has been to pursue a divestment policy. Before proceeding, I would just like to take a moment to comment and to define the difference between divestment and disinvestment, two terms which are often used interchangeably, and while they both have the same goals, I think it is important, because of the recommendations I would like to make to the committee, to define them.

Divestment is the pressure for the withdrawal of stocks and other holdings from corporations which invest in South Africa. It differs from disinvestment, which is an effort to have the corporation themselves physically leave South Africa. While I have said the ultimate goals are the same, the strategies employed are somewhat different in that the immediate target for divestment is the institutions withholdings in corporations which invest in South Africa, while the corporations themselves become the target for a disinvestment movement.

United States corporate investment in South Africa has been a major issue for antiapartheid activists. Mr. Chairman, I now would like to address the issue of why the Washington Office on Africa has taken a position that corporations should disinvest from South Africa. United States direct investment in South Africa in 1984 amounted to \$2.3 billion, down slightly from the high of \$2.5 billion in 1983. Some 250 to 350 United States corporations make up that direct investment.

In addition, the United States has become South Africa's number one trading partner with trade relations amounting to an additional \$4.5 billion. The United States is now the number two investor in South Africa. In 1984 the United States was the largest market for the sale of the Krugerrand, South Africa's gold coin. The total sales for that year were over \$600 million. These growing economic ties with South Africa raise serious questions about United States investment in that country.

In what kind of economy are these corporations investing, and what, if any, is the impact on the United States of closer United States-South African ties. I would now like to address the issue of

that impact. President Reagan, in issuing his Executive order, stated:

The policies and action of the Government of South Africa constitute an unusual and extraordinary threat to the foreign policy and economy of the United States, and I hereby declare a national emergency to deal with that threat.

The President's subsequent actions, the sanctions in the Executive order were hardly an adequate response to deal with the critical situation in South Africa and the economic and political impact it is having on the United States. However, he was correct, even if very long overdue, in pointing out the threat posed by South Africa to the United States economy, a threat which affects not only the lives of American workers and pensioners but also undermines the future of United States policy in South Africa.

I would now like to explore very briefly these threats. One, United States investment in South Africa poses a threat to American workers. There are several industries affected by United States ties to South Africa. The steel industry is one. Between 1974 and 1982 production and employment in the steel industry declined by 50 percent. In 1983, the top seven steel producers reported losses of \$2.7 billion. Tens of thousands of steel workers have been laid-off as plants across the country are shut down, many permanently. Many American companies have bypassed United States-made steel to purchase steel from South Africa. Since 1975, United States imports of South African steel have increased by 5,000 percent. In 1975 the United States imported 11,033 tons of steel from South Africa and by 1983 the figure had climbed to 600,000 tons.

Chicago workers recently discovered how these imports affect their lives. They found that steel beams being used to construct a new State building in their city were imported from South Africa. At the same time, United States Steel's Southworks plant in Chicago, which makes the same kind of steel beams, had laid off thousands of steelworkers.

The coal industry also has been affected by South African imports. In recent years between 60,000 to 100,000 workers have been put out of work by the stagnating coal industry. South African coal is a major competitor in the world market. Despite its distance from the coal markets in Europe, South African coal in 1981 was selling there for \$56 per ton, while coal from the east coast of the United States was selling for \$68 per ton. South African coal also has invaded the United States market, despite the fact that America has some of the largest coal deposits in the world.

Mr. Chairman, I am not trying to imply that all of the problems of the steel and coal industry are due to imports from South Africa. I understand that there are imports from other parts of the Third World as well which constitute a threat, but I am trying to point out that the international competitiveness of South African coal and steel markets which is built on the systematic exploitations of black workers in that country pose a particular threat to United States workers. First, blacks are paid low wages. They are prohibited from striking. They are forced to work under unsafe conditions, and denied freedom of movement. Their exploitation has led to the exploitation of United States workers by putting them out of work, and gutting their communities. Second, United States investment

in South Africa poses a threat to future pensioners. At a time when the U.S. Social Security System is in jeopardy, pension fund managers have millions of dollars invested in a country with a very unstable economy. At risk is the future income for retired public servants across the country. The future security of these investments is very much endangered by the current financial crisis in South Africa. The country is in a deep recession.

The inflation rate stands at 16 percent, interest rates hover between 20 to 25 percent and the rand, South Africa's currency, has dropped to an all-time low of 36 cents. The economic situation has reached such a point that the question is not what divestment might mean, but what continued investment could mean for this country.

In 1980, the average return on investment was 20 percent. In 1983, the latest data we have, the rate was 5 percent. Richard Hull, a senior advisor with Frost & Sullivan, a New York-based consulting firm for United States corporations, stated that "South Africa is in a prerevolutionary state, and turmoil will clearly escalate." That firm, which gives countries an investment rating, gave South Africa D plus rating for the next 5 years.

The intensifying conflict in South Africa and the mounting international opposition to apartheid has resulted in a decline of investor confidence. In 1985, 18 corporations including Pepsi, Coke, and Apple Computer have reduced or eliminated their South Africa holdings significantly. Phibro-Salomon, the 12th largest United States company, by revenue, is ending its operations in South Africa. Significantly, the largest shareholder in that corporation is Anglo-American, the South African mining giant.

I might comment as well that South Africa now is among the largest investors in the United States economy as well. Over 24 United States banks have now announced a no-lending policy to both South Africa's private and public sectors. In addition, these banks have refused to roll over half of South Africa's \$12 billion short-term debt.

Many of these are the largest banks, including Citicorp, Chase Manhattan, and BankAmerica. The financial crisis has resulted in calls for negotiations with black leaders by South African businessmen, and have also resulted in calls by that community for President Botha's resignation.

My very last point, third, United States investment in South Africa provides crucial support to the maintenance of apartheid and would be targeted by blacks in the coming confrontation.

I will just say that investments in computers, energy, and transportation provide very strategic support to the South Africans, but I would like to read one quote by Mobil Oil, which is one of the largest investors in South Africa, concerning the support that they provide the regime. When they were asked what they were supplying, they argued that their oil supplies are "the very lifeblood of the army, navy, and airforce . . . and of the utmost strategic importance to the state."

United States corporate investment in South Africa is undergirding the system of apartheid, and at this time of violence and chaos against blacks, they cannot escape blame for the crucial role they continue to play. United States-provided vehicles, fueled by United

States-refined oil are occupying black townships, facilitating the South African's policy brutalization.

Given these facts, it should be clear that a policy of divestment, and disinvestment is a financial and politically prudent one to pursue. Many of the arguments lodged against such a policy have been nullified by the events in South Africa and by the success of the divestment campaign in this country. To date, 10 States have passed divestment bills and 29 cities have passed some kind of divestment legislation. In addition, university divestment has continued to increase, in the academic year 1984-85, over 18 colleges and universities acted to divest part or all of their South Africa holdings.

The increasing success of the divestment movement is being fueled by the repression in South Africa and the collapsing United States policy of "constructive engagement," which has in the past prevented strong national action by the Reagan administration. I would now like to just briefly go over some of these arguments that have been levied against the divestment movement.

Corporate heads long have argued that their continued presence in South Africa was to benefit blacks. It is very interesting, Mr. Chairman, that 18 corporations that have left in the past year alone have not voiced one concern about hurting blacks by leaving. They have looked at the financial situation, and say that it was not to their advantage, and they have quickly left, by reducing their holdings or selling their holdings in South Africa.

Any attempts by the corporations to induce the South African Government to negotiate with black leaders have met with failure. Corporations have also argued by staying in South Africa that they were providing critical economic educational support to blacks. With schools being attacked by the police and school children being gunned down in the classroom and schoolyards, such support obviously is very meaningless. It also reveals the uselessness of trying to reform the evil apartheid system, instead of working for its end.

Franklin Lubke, managing director of Abbott Laboratories in South Africa, is quoted in this week's Businessweek as saying: "There is so much to be done. Black education is so miserable, you could pour in millions and nothing would happen." In addition, health services provided by corporations have not helped blacks who die from police bullet wounds because if they go to hospitals, they can be arrested instead of being treated.

My second point was on black South Africans sanctions which have been very, very thoroughly covered by Dr. Smock. The next argument I have is divestment will be economically disastrous as an argument that we often hear. Connecticut, the University of Wisconsin, and Michigan State University are now all on record as stating that their divestment move improved their financial situation.

Michigan State, which divested in 1979, said it was \$2 million ahead as of February 1980, a year after their divestment. Connecticut has sold \$20 million of its anticipated \$75 million divestment, and they have made \$4 million in the process. In fact, Henry Parker, the State treasurer for Connecticut, said that he wished that we had pushed him harder to divest before.

The trustees of the D.C. Pension Fund, which recently divested, reported that they have sold off over three-quarters of their South African holdings with no measurable financial impact on the solvency of the city's pension system. Dr. Robert Schwartz, the vice president of Shearson-American Express, notes:

A competent money manager can develop a profitable investment program while avoiding the securities of firms which are involved through the Republic of South Africa.

In conclusion, Mr. Chairman, I would like to say the growing success of the divestment campaign on the State and local level is an indication of the strong opposition Americans have to United States corporations investing in South Africa. Part of the opposition is fueled by the growing awareness of the linkage between such investment in South Africa and that country's domestic issues and problems.

Consequently, many local campaigns are geared toward divesting from South Africa and reinvesting in local community projects to help rebuild neighborhoods and provide much-needed services for United States residents. Through divestment, Americans not only are demanding freedom and justice for black South Africans but are fighting for their economic rights as well. They are demanding that banks stop loaning to South Africa and start loaning to inner-city areas, long ignored through "redlining" practices. They are demanding that corporations return to the United States to provide jobs and reduce unemployment. They are demanding that corporations stop undergirding racism in South Africa and return to the United States to start adhering to affirmative action codes and end racist employment practices here.

Mr. Chairman, we urge the United States Congress to be responsive to these demands and take action to end United States corporate investment in South Africa.

The President's Executive order issued on September 9, 1985, has accomplished little besides turning a very moderate congressional sanctions package into a meaningless Executive order. Both the order and the proposed legislation in the House/Senate conference report have been overtaken by developments in South Africa and now are largely symbolic. United States bank loans to South Africa, restricted by the order, already are down by 16.3 percent and declining more every day. Due to protests, Kruggerand sales are down 80 percent, thus, even if a ban is imposed, it would have little immediate impact. Given the critical political and economic situation in South Africa, the United States must take stronger and substantive action to protest the horrendous acts of the apartheid system.

We would argue that only substantive legislation which would have an impact on encouraging change in South Africa's policies would be the introduction and passage of a strong disinvestment bill, which would mandate the withdrawal of all United States corporations from South Africa.

Such legislation would send a strong message to the South African Government that the United States is no longer willing to support the racist system of apartheid. Legislation calling for no further investment is inadequate when the financial crisis itself is

preventing entry of new capital. Consequently, there is no other legislative option for us to take at this point. The success of the divestment movement has brought us to this next logical legislative step, a bill mandating disinvestment.

I would respectfully urge this committee to consider such actions both for the blacks in South Africa and for the Americans who are suffering because of continued United States/South Africa ties. We must not lose this last chance to put America on the right side of history.

[The prepared statement of Ms. Sindab follows:]

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Thank you, Mr. Chairman. I welcome the opportunity to testify before your subcommittee in this important hearing on the potential impact of United States divestment from South Africa. My name is Dr. Jean Sindab and I am the Executive Director of the Washington Office on Africa, a national lobby for independence and majority rule in Southern Africa. Founded in 1972, the Washington Office on Africa is sponsored by seventeen national Protestant church agencies and Catholic orders and three national trade unions. Our organization also serves as the research and legislative arm of the Free South Africa Movement. As a leading national anti-apartheid organization, the Washington Office on Africa campaigns for an end to all U.S. Governmental and corporate support for apartheid in Southern Africa and for the implementation of national policies that promote freedom and justice in that troubled region.

The atomization of South Africa's racist apartheid system and U.S. support for it is becoming the concern of an increasing number of American citizens. Thousands of Americans-- including many members of Congress-- are putting their bodies on the line and getting arrested at the South African embassy, and other selected targets around the country, to call attention to a system of government that the United Nations has rightly called "a crime against humanity," and to protest the economic support afforded that system by our government and U.S.- based corporations. The Free South Africa Movement, which began on November 21, 1984, has continued to grow across the country. More than 3,000 have been arrested in civil disobedience at the South African Embassy, consular facilities and Kruger-

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rand dealerships as part of ongoing demonstrations in 28 cities, which have attracted tens of thousands of demonstrators. Another 3,000 arrests have occurred in campus demonstrations around the country. These demonstrations have succeeded in closing honorary consulates in New Orleans, Portland, OR and Boston. Krugerrand outlets across the country also have agreed to stop selling the coin as a result of the demonstrations.

This mounting U.S. opposition which has resulted in major media attention being focused on South Africa could not have come at a more propitious moment for Blacks in South Africa. For the last year violence has racked South Africa. The declaration of a state of emergency on July 21st has intensified the brutal repression of the South African regime. The police and military have embarked on a campaign of terrorism against black townships, which are rising up in opposition to apartheid. Over 700 people have been killed, including a 2-month old baby asphyxiated by tear gas in her crib and a 3 year old little girl, killed by a rubber bullet while playing in her front yard. Over 3,000 people have been arrested or detained, including school children as young as 6 and 7 years of age rounded up in their school yards. Many of those arrested have been the leaders of various anti-apartheid organizations who were targeted in an effort to render their peaceful protests and demonstrations ineffective. Their arrest has only served to decrease the chances for the negotiation of a peaceful settlement.

As the crisis mounts and the situation deteriorates daily, the question to be posed for U.S. citizens and policy-makers is what should be an adequate response to this deepening tragedy. How can the U.S. minimize the bloodshed and promote political freedom and economic justice? For many Americans, particularly those connected with institutions holding

investments in South Africa, the answer has been to pursue a divestment policy. Before proceeding, it is necessary to define the difference between divestment and disinvestment, two terms which often are used interchangeably. Divestment pressures for the withdrawal of stocks and other holdings from corporations which invest in South Africa. It differs from disinvestment, which is an effort to have the corporations physically leave South Africa. While the ultimate goals of both movements are the same, there are different strategies employed.

U.S. corporate investment in South Africa has been a major issue for anti-apartheid activists. Mr. Chairman, I now would like to address the issue of why U.S. corporations should divest.

U.S. direct investment in South Africa in 1984 amounted to \$2.3 billion, down slightly from the high of \$2.6 billion in 1983. Some 250 to 350 U.S. corporations make up that direct investment. About ten corporations control over seventy percent of the total value of direct investment. Outstanding U.S. commercial bank loans in June 1984 amounted to \$4.545 billion, an increase of 332 percent from the period four years earlier at the beginning of the Reagan Administration. Trade relations amount to an additional \$4.5 billion.

The U.S. has become South Africa's number one trading partner, and the number two investor in South Africa. In 1984, it provided the largest market for the sale of Krugerrands. These growing economic ties with South Africa raise serious questions about the U.S. investment in South Africa. In what kind of economy are these corporations investing? President Reagan in issuing his Executive Order stated: "the policies and action of the government of South Africa constitute an unusual and extraordinary threat

to the foreign policy and economy of the United States and I hereby declare a national emergency to deal with that threat". The President's subsequent actions were hardly an adequate response to deal with the critical situation in South Africa and the economic and political impact it is having on the U.S.. However, he was correct-even if long overdue- in pointing out the threat posed by South Africa to the U.S. economy. A threat which affects not only the lives of American workers and pensioners but also undermines the future of U.S. policy in South Africa.

1) U.S. INVESTMENT IN SOUTH AFRICA POSES A THREAT TO AMERICAN WORKERS.

There are several ~~industries~~ affected by U.S. ties to South Africa. The steel industry is one. Between 1974 and 1982 production and employment in the steel industry declined by 50 percent. In 1983, the top seven steel producers reported losses of \$2.7 billion. Tens of thousands of steelworkers have been laid-off as plants across the country are shut down, many permanently. Many American companies have by-passed U.S.-made steel to purchase steel from South Africa. Since 1975, U.S. imports of South African steel have increased by 5,000 percent. In 1975 the U.S. imported 11,033 tons of steel from South Africa and by 1983 the figure had climbed to 600,000 tons.

Chicago workers recently discovered how these imports affect their lives. They found that steel beams being used to construct a new state building in their city were imported from South Africa. At the same time, U.S. Steel's Southworks plant in Chicago - which makes the same kind of steel beams - had laid off thousands of steelworkers.

The coal industry also has been affected by South African imports. In recent years between 60,000 to 100,000 workers have been put out of work by the stagnating coal industry. South African coal is a major com-

petitor in the world market. Despite its distance from the coal markets in Europe, South African coal in 1981 was selling there for \$56 per ton, while coal from the East Coast of the U.S. was selling for \$68 per ton. South African coal also has invaded the U.S. market, despite the fact that America has some of the largest coal deposits in the world. In 1973 no South African coal was being imported into the U.S.. In 1982, South Africa steam coal accounted for 100 percent of all U.S. steam coal imports.

The international competitiveness of South African coal and steel is built on the systematic exploitation of black workers in that country. Blacks are paid low wages, prohibited from striking, forced to work under unsafe conditions and denied freedom of movement. Their exploitation has led to the exploitation of U.S. workers by putting them out of work and gutting their communities.

2) U.S. INVESTMENT IN SOUTH AFRICA POSES A THREAT TO FUTURE PENSIONERS.

At a time when the U.S. social security system is in jeopardy, pension fund managers have millions of dollars invested in a country with a very unstable economy. At risk is the future income for retired public servants across the country. The future security of these investments is very much endangered by the current crisis in South Africa. The country is in a deep recession. The inflation rate stands at 16 percent, interest rates hover between 20-25 percent and the rand, South Africa's currency, has dropped to an all time low of 36c. The economic situation has reached such a point that the question is not what divestment might mean, but what continued investment would do. In 1980, the average return on investment was 20 percent. In 1983, the rate was 5 percent. Richard Hull, a senior advisor with Frost and Sullivan, a New York based consulting firm for U.S. corporations, stated that "South Africa is in a prerevolutionary state

and turmoil will clearly escalate". The firm gave South Africa a D+ rating. for the next five years.

The intensifying conflict in South Africa and the mounting international opposition to apartheid has resulted in a decline of investor confidence. In 1985, 18 corporations including Pepsi, Coke and Apple Computer have reduced or eliminated their South Africa holdings. Phibro-Salomon, the 12th largest U.S. company (by revenue) is ending its operations in South Africa. Significantly, the largest shareholder in that corporation is Anglo-American, the South African mining giant. Over 26 U.S. have now announced a no-lending policy to both South Africa's private and public sectors. In addition, these banks have refused to roll over half of South Africa's \$12 billion short-term debt. Many of these are the largest banks, including Citicorp, Chase Manhattan and BankAmerica. The financial crisis has resulted in call for negotiations with Black leaders by South African businessmen. There also have been two calls for President Botha's resignation by two South African business groups.

3) U.S. INVESTMENT IN SOUTH AFRICA PROVIDES CRUCIAL SUPPORT TO THE MAINTENANCE OF APARTHEID AND WOULD BE TARGETTED BY BLACKS IN THE COMING CONFRONTATION. U.S. corporations invest in the most strategic sectors of the South African economy:

Computers. U.S. firms control a staggering 70 percent of the South African computer market. Control Data, IBM, NCR, Burroughs and other firms supply computers to the South African government enabling it to maintain control over the 24 million black population.

ENERGY. U.S. firms control 44 percent of the petroleum products market. Mobil Oil, Caltex and Exxon supply oil -- a natural resource South Africa does not possess -- to the South African government. Mobil's role

in supporting the South African security state is best described by the corporation itself. Mobil's attorneys argued that "oil supplies are the very lifeblood of the army, navy, and airforce...[and] of the utmost strategic importance to the state."

TRANSPORT. Ford and General Motors vehicles are used by the South African military and police. These two companies alone control over 10% of the South African automotive market.

Foreign corporations provide direct strategic support to the state. In addition to the goods they provide the government for the maintenance of apartheid, the corporations' strategic support is evidenced by Pretoria's designation of many U.S. corporate plant sites as "National Key Points" -- important economic installations the state deems necessary to protect in the event of "civil unrest". Designated companies are required to hire armed guards and develop plans in cooperation with the South African police to protect plant facilities. The South African government clearly recognizes the strategic nature of foreign corporate investment.

U.S. corporate investment in South Africa is undergirding the system of apartheid and at this time of violence and chaos against blacks, they cannot escape blame for the crucial role they continue to play. U.S.-provided vehicles, fueled by U.S.-refined oil are occupying black townships, facilitating the South African's police brutalization.

Given these facts, it should be clear that a policy of divestment and disinvestment is a financial and politically prudent one to pursue. Many of the arguments lodged against such a policy have been nullified by the events in South Africa and by the success of the divestment campaign in this country. To date, ten states have passed divestment bills: Connecticut, Wisconsin, Iowa, Maryland, Massachusetts, Michigan, Nebraska, Rhode Island, New Jersey, New Mexico and twenty-nine cities have passed

some kind of divestment legislation. In addition, university divestment has continued to increase. In the academic year 1984-85, over 18 colleges and universities acted to divest part or all of their South Africa holdings.

The increasing success of the divestment movement is being fueled by the repression in South Africa and the collapsing U.S. policy of "constructive engagement", which has been preventing strong national action by the Reagan Administration. The South African government, faced with the dilemma of having to create a favorable climate for foreign businesses or to maintain its repressive control over the 24 million blacks, has opted for the latter. In the process, its actions have revealed the hypocrisy of the arguments against divestment put forth by critics of the anti-apartheid movement.

a) Corporate heads long have argued that their continued presence in South Africa was to benefit blacks. That concern for blacks has not been evident as corporations have started their exodus. Attempts by corporations to induce the South African government to negotiate with black leaders also have been unproductive. Corporations also have argued that they provided educational support to blacks. With the schools being attacked by the police and school-children being gunned down in the classroom and school yards, such support is meaningless. It also reveals the uselessness of trying to reform apartheid instead of working for its end. Franklin Lubke, managing director of Abbott Laboratories in South Africa, is quoted in this week's Businessweek as saying: "There is so much to be done. Black education is so miserable, you could pour in millions and nothing would happen." In addition, health services provided by corporations have not helped Blacks who die from police bullet wounds because if they go to hospitals for treatment they face arrest.

b) Black South Africans do not want sanctions. In a recent poll conducted

by a Gallup poll affiliate in South Africa, 77 percent of all blacks questioned, approved of sanctions and believed that they should be imposed by the international community.

c) Divestment will be economically disastrous -- Connecticut, the University of Wisconsin and Michigan State University have said that divestment improved their returns. Michigan State which divested in 1979 said it was \$2 million ahead as of February, 1980. Connecticut has sold \$20 million of its anticipated \$75 million divestment and made \$4 million in the process. The trustees of the D.C. pension system, which recently divested, reported that they had sold off over three-quarters of their South Africa holdings with no measurable impact on the solvency of the city pension system.

d) The Sullivan Principles, used as a justification by corporations to continue their economic ties with South Africa also have been overcome by the events in South Africa and are irrelevant to the process of change underway. A labor consultant who advises U.S. corporations noted "the code...doesn't offer the kinds of solutions that are germane to the problem." Business Week noted that U.S. companies are now under pressure to go beyond the code and take a political stance against the government.

CONCLUSION

The growing success of the divestment campaign on the state and local level is an indication of the strong opposition Americans have to U.S. corporations investing in South Africa. Part of the opposition is fueled by the growing awareness of the linkage between such investment in South Africa and that country's domestic issues and problems. Consequently, many local campaigns are geared toward divesting from South Africa and reinvesting in local community projects to help rebuild neighborhoods and provide much-needed services for U.S. residents. Through divestment, Americans not only are demanding freedom and justice for black South Africans but are fighting for their economic rights as well. They are demanding that banks stop loaning to South Africa and start loaning to inner-city areas, long ignored through "redlining" practices. They are demanding that corporations return to the U.S. to provide jobs and reduce unemployment. They are demanding that corporations stop undergirding racism in South Africa and return to the U.S. to start adhering to affirmative action codes and end racist employment practices.

Mr. Chairman, we urge the U.S. Congress to be responsive to these demands and take action to end U.S. corporate investment in South Africa.

The President's Executive Order issued on September 9, 1985, has accomplished little besides turning a very moderate congressional sanctions package into a meaningless Executive Order. Both the order and the proposed legislation in the House/Senate Conference Report have been overtaken by developments in South Africa and now are largely symbolic. U.S. bank loans to South Africa, restricted by the Order, already are down by 16.3 percent and declining more every day. Due to protests, Kruggerand sales are down 80 percent, thus, even if a ban is imposed, it would have little

immediate impact. Given the critical political and economic situation in South Africa, the U.S. must take stronger and substantive action to protest the horrendous acts of the apartheid system.

At this particular point in time the only substantive legislation which would have an impact on encouraging a change in South Africa's policies would be the introduction and passage of a strong divestment bill mandating the withdrawal of all U.S. corporations from South Africa. Such legislation would send a strong message to the South African government that the U.S. is no longer willing to support the racist system of apartheid. Legislation calling for no further investment is inadequate when the financial crisis itself is preventing entry of new capital. Consequently, there is no other legislative option for us to take at this point. The success of the divestment has brought us to this next logical legislative step. I would respectfully urge this committee to consider such actions both for the blacks in South Africa and for the Americans who are suffering because of continued U.S./South Africa ties. We must not lose this last chance to put America on the right side of history.

Chairman FAUNTROY. Thank you very much, Dr. Sindab, for a statement chock full of factual information relating to the consequences and risks involved in our withdrawal of economic support of South Africa. I commend you, particularly, for your outline of the threats to our interests as American business people, American consumers and workers.

I was amazed that in outlining the threat to our Social Security System, you point out that the return on investment has dropped from 20 to 5 percent, and all of the disintegration of the economy there happened before any sanctions were voted by the House or the Senate or by the President, or issued in terms of the executives orders. Thus in fact, the sanctions we are anticipating in the House and in the Senate and the sanctions imposed by the President are really what they call over at the State Department "overtaken by events," and for that reason we are grateful to you for suggesting relevant actions to move ahead on the question of dismantling of apartheid.

Reference has been made to several major businesses that remain engaged in South Africa, and that have recently announced their intention to join with South African business persons who have begun to work not only for universal suffrage, but have called for the resignation of the Botha government. In your view is that the best course that such businesses may take, working within

South Africa while pushing for reform, or totally divestment, as some have suggested here?

Reverend HOWARD. Mr. Chairman, I think Dr. Smock has quoted from a very pertinent statement by Dr. Boesak in this regard. While we may hold out some hope that American corporations might be aggressive agents for the dismantling of apartheid, we simply do not have any concrete illustration of that. If you were to look, for example, at even those companies that have been signatories to the so-called Sullivan principles, and look more precisely at their conduct regarding even trade union recognition, and there will be virtually no distinction between the way these firms which we presume to be more enlightened and more progressive in their outlook, and those South Africa based firms in the way they have dealt with free trade unions. So I think that it is an interesting proposition to suggest that American business might be a force for monumental change in the apartheid system, but we simply don't have any record of this.

I suspect you have witnessed, and I can certainly say that our experience in New Jersey, that when the divestment bill was being debated there was not a single legislator who spoke in favor of apartheid, but in the face of initiative to divest, all of the opponents of this initiative spoke glowingly in favor of a code of conduct for American corporations, based on the supposition that by remaining they could, in fact, press for change, or even by providing optimum working conditions for their employees they would somehow bring about the displacement of apartheid.

As it may have been pointed out, something like 1 percent of the African work force is employed in South Africa by United States corporations. Thus we can presume that if they were given the very best employment opportunities, which we sincerely doubt when we look at the behavior of these same corporations at home toward the African population in America, then they still would not make a basic dent in the apartheid system.

I think Dr. Sullivan has made it clear that those who are in agreement with his principles have to embark on a more aggressive program to seek change, and within the total scheme of things, we have to applaud this, but I think we must not be diverted by this. I think we ought to see, for example, the trip of the South African business leaders to Lusaka to meet with Dr. Tambo, as an interesting development in the context of the liberation process, but we simply must keep in mind that while they employ only 1 percent of the work force, the international credibility and the financial undergirding that these corporations give to the South African infrastructure far outweigh whatever "good" they may do.

Dr. Smock has mentioned these key corporations. We refer to them in the church euphemistically as the "dirty dozen." Perhaps I am not supposed to say that here, but these corporations have been carefully chosen not just because of the high level of their exposure in South Africa, but also because of the strategic capability that they provide for the South African infrastructure. You have computers which assist in the efficiency of apartheid's administration. You have companies involved in nuclear power development, in supplying and refining oil for the South African economy, the presence of the auto industry, which as we all know can, by and large,

be converted to the production of military equipment without the capacity of General Motors, for example, having anything to say about that.

We think that these corporations have found themselves under house arrest, and they have not yet called the hand of the South African authorities by being an aggressive opponent of apartheid, but that day may come.

I think that increasingly we see that with the banks now, but I think increasingly to the extent that American corporations begin to define their commitment for human rights in that country, they will find their assets under house arrest. This is the main point of the formal testimony I have offered you today.

I think that corporate leaders of our country may be bordering on wreckless misuse of trust that their investors have placed in them, by not divesting their holdings quickly. I think in a very short time, I predict that there will be panic across the board by foreign corporations. We see in the paper this morning where even Great Britain has now, however modestly, joined with its European neighbors to implement some level of economic sanctions.

Chairman FAUNTROY. Let me now yield to the distinguished ranking member, Mr. McCollum.

Mr. McCOLLUM. Thank you, Mr. Chairman.

I am curious about what the panel believes is the appropriate timetable for the end of apartheid in terms of the economic sanctions that you are urging.

Do we anticipate that there must be a one man one vote situation, which is what some say is the ultimate end of the apartheid in the political sense, before the United States would end the economic sanctions that are proposed?

Is there a point in time prior to that when they could end, if there is some understanding or agreement. Just what is our objective?

I know the ultimate objective is the end of all this, but what should the objective be in terms of a realistic political and economic end to the cause of using these sanctions.

Does anyone care to jump in?

Reverend HOWARD. We must insist that the legitimate political leaders of the majority in South Africa be immediately released from prison, so that good faith negotiations can begin, and they are the only ones who can agree to a timetable for the dismantling of apartheid. But I think the first process should be that Nelson Mandela, Walter Sisulu, and the other members of the African National Congress who are denied a voice in political decisionmaking be released so that the appropriate timetable that you would like to see can be, in fact, the result of good faith negotiations.

Mr. McCOLLUM. But you wouldn't lift the sanctions just when they are released?

Reverend HOWARD. I think we are committed to the end of sanctions when apartheid is ended. And I think that we must look for the signals that those leaders will give us.

Mr. McCOLLUM. What I am saying is when is apartheid ended?

What do we in Congress look to?

You are looking to something, and I am just looking to try to find what that is.

You are saying they are going to make that decision?

Reverend HOWARD. Yes.

Mr. McCOLLUM. Yet we have to make it.

Reverend HOWARD. We know what apartheid is; I hope.

Mr. McCOLLUM. Sure.

Reverend HOWARD. Apartheid is not discriminatory segregation, but it is separate development. I think full citizenship rights for the South African majority is the most principal signal of the end of that system.

Ms. SMOCK. I would like to suggest that there are some other very important milestones, and these are taken from the texts of various South African leaders and other human rights organizations such as the Black Sash, and this is a shorter form, and we would be happy to provide the longer list if you would like to for the record. They include such changes as the abandonment officially of homeland policies, the recinding of all apartheid laws such as influx control and the group areas act, and the restoration of full political rights to all people. I would like to make a clear distinction between political rights and citizenship. Citizenship in the South African context does not automatically entail the right to exercise political rights, and therefore, the so-called concession of the South African Government to envision giving back the right of citizenship to the citizens presently of the so-called homeland governments is a very empty commitment.

Another very important sign is the cessation of forced removals and population relocations, in terms of timetable. In the May 20 press conference, the 54 church groups who made the appeal to these 12 corporations cited December 1986 as being the final deadline, that if apartheid had not been dismantled by that point, then American corporations should be moving out of South Africa.

I also would like to comment about the group of 10 American companies who have formed this council. I think actions speak louder than words—these companies undergird the apartheid regime, and to provide the services and the products that are necessary to sustain it. I think the apartheid government understands that there are certain public relations veneer that these companies have to assume, given the change in the political climate in the United States. I find it very telling that none of these companies have a "if" attached—that is if apartheid isn't dismantled we will withdraw from South Africa. I think that any American corporation which is serious about being an instrument of political change in South Africa has to make that public announcement to the South African Government, with a timetable, hopefully no later than December 1986.

Mr. McCOLLUM. Suppose there is an agreement or an offer by the South African Government that says we are going to phase all this in, and we are going to ultimately give to total political rights to everybody, but it is going to be over 20 years, and here are the steps next year, and the year after.

Do you require it to be next year or immediately; or would that be sufficient to allow formalization of relations again?

Ms. SMOCK. I think sanctions would be insurance policies to assure that the commitments were actually enacted.

Mr. McCOLLUM. Let me say to you that I laid all that as a predicate because I wanted to find out what your feelings were myself. The other thing is this.

The severest critics of economic sanctions argue that the bulk of the white majority in South Africa will not accept immediate end to apartheid, that the best that could be hoped for would be some gradual end, which also wouldn't be acceptable to many, and you are saying that it is not acceptable, and that the end result of the economic sanctions being pressed as hard as we are going to be pressing them under what you propose would be violent revolution, a revolution that they claim isn't necessary.

How do you respond to that?

Ms. SMOCK. I think the only thing at this point that will forestall violent revolution, and this is being said increasingly by South African leaders who are committed to nonviolent social change, is to have strong economic sanctions. I certainly don't think that the economic sanctions outlined either in the President's Executive orders or in the conference agreement now pending in the Senate amount to strong economic sanctions that are going to have a direct effect on the South African regime, Mr. Chairman.

Mr. McCOLLUM. Thank you, Mr. Chairman.

Chairman FAUNTROY. I thank you.

I wonder if the panel would address the question of lost opportunity in other countries in Africa, due to our perceived support of apartheid in South Africa. If possible would you cite for me a couple of examples of these countries and what our trade relations with them may or may not be, if you are aware.

Ms. SINDAB. Do you mean because of our close ties with South Africa?

Chairman FAUNTROY. Yes.

Ms. SINDAB. The U.N. Center Against Apartheid has cited figures suggesting that there is about \$14 to \$20 billion in trade that we have with other African nations, and that we must look to that market as well. The Rockefeller Foundation in 1981, reporting the results of a 2-year study, strongly suggested that we have interests in the continent outside of South Africa that might be threatened by our persistent underpinning of apartheid within South Africa.

Ms. SMOCK. I think it is very important to remember that Nigeria is one of the major oil suppliers of the American economy, and that Nigeria has made increasingly strong statements that if the United States continues its role of supporting the South African Government, that it will have to reconsider those oil sales.

Ms. SINDAB. That is what I was going to mention, the case of Nigeria.

Chairman FAUNTROY. Is anyone aware of the raw materials central to United States industries that we obtain from South Africa, and which of them can only be obtained from South Africa? In talking to some of my colleagues in the political realm, not the least of which was Gov. George Wallace, who indicated his support of the free South Africa effort, because of the impact of steel imports at Mobile for shipbuilding, while at the same time they are laying off steel workers in Birmingham. He has been reached by some of those who advocate that we reconsider divestment or disinvestment, if you would have it, because of our vital interests in pre-

cious metals that we import. I would like some reaction on that subject from this panel.

Reverend HOWARD. Mr. Chairman, first of all, there is a whole list of vital minerals—manganese, and so on. Those who are really technical competent in this, I invite them to name them, but I am always curious when I am approached with this question. And when I do radio talk shows, a lot of people, by the way, ask this question, and I ask them what is their next question.

I am old enough to have lived through the Rhodesian chrome debate, and I am wondering seriously, without discounting this concern about dependence, I am quite concerned to know if the questioner, after being told that there were two or three absolutely essential minerals which were only in the South African soil, if we would therefore become less opposed to apartheid in South Africa.

If that is the conclusion, let me say here as one member of the panel that in spite of such valuable resources, I think, number one, we have to proceed with the vigor that my colleagues here have proposed, because, as I suggested in my remarks, what we have at stake is future access, in a situation which is deteriorating a bit faster than I think readily meets the eye of the American public, so for the sake of long-term security of these various resources that you have alluded to, I think we have to proceed with more vigor along the same lines that we seem to be headed.

Ms. SINDAB. I also would like to comment on that. That question to me assumes that if there is black majority rule in South Africa, then blacks cannot continue to sell those minerals to the United States or to other Western countries. I think, in itself, there is racist implications to that remark. If we look at the situation in South Africa closely, we see a period now of violent confrontation. And, it is just a question of time before that situation gets even worse, then that is when the threat will be posed by upheaval in the region. So if we are really interested in maintaining access to those materials it seems to me that our policies would reflect trying to bring the parties together and trying to bring about an end to apartheid.

If we look at this whole Communist threat issue, and specifically at Angola, the United States now is importing more oil from Angola than it was when the Portuguese was there. Fifty percent of all of Angola oil is going to the United States.

Chairman FAUNTROY. But they are Marxists.

Ms. SINDAB. That is the point I am trying to make. If we look at Zimbabwe, another country which has defined itself as a Marxist government, we are continuing to import chrome from them. There has been no interruption in any mineral supply whatsoever. Just last week President Machel was here, from Mozambique, for a state visit. My point is there is no precedent to say that United States access to strategic minerals would be hurt by any change in government if blacks took over in South Africa. The only threat that has been made to deny Western assets to minerals in South Africa has been made by the South African Government. President Botha has said if sanctions are imposed by the West that he would have to rethink continuing supplying minerals to Western countries.

Chairman FAUNTROY. And then supply them to the Russians, who have all they need?

Ms. SINDAB. That is the other thing. No matter who was in control in South Africa, the minerals have to be sold to someone, and Western markets remain the most viable and feasible market for South African minerals.

Ms. SMOCK. On the assumption that Senate studies are recognized as being valid in this House as well, that the United States Senate undertook a study of the subject, and one of its major conclusions was that in the short term of 3 to 5 years the capacity for technological innovation and the ability to reduce consumption for nonessential purposes would enable United States industry to obtain adequate quantities of these minerals or acceptable substitutes in the wake of interruptions in the supply of South African minerals.

Chairman FAUNTROY. Then the Senate apparently has taken the suggestions of the Rockefeller study, that we employ our ingenuity and our skills in making adjustments in the short term, adjustments which you point out are not likely to have to be made in the long term, if justice were done.

I yield to my colleague.

Mr. McCOLLUM. Dr. Sindab triggered a question for me. We support economic sanctions or prohibition, embargo on imports of oil from Angola.

Ms. SINDAB. I don't think that the situations are the same at all. I don't think that there is an analogous situation in Angola that would justify an embargo on oil from Angola. So no, I would not.

Mr. McCOLLUM. I am just curious, because some of the critics of those who are strongest supporters of sanctions on South Africa argue that there no quid pro quo, that granted that there is a difference in terms of racial prejudice and apartheid, it is entirely different and so on, that the same concern ought to be there for the lack of freedom in other countries, and the oppression of people that are there, particularly countries like Angola, where basic human rights are being violated all the time and that is the concern that I know of in my district that they express to me frequently when we talk about South Africa. Well, if we are going to have sanctions against South Africa, why don't we have sanctions against Communist countries? Why don't we cut it all off?

Ms. SINDAB. Yes.

Mr. McCOLLUM. But especially in a country like Angola, where there is a revolution going on against the government. But you do not see it all the same way.

Ms. SINDAB. No, I don't, but I would like to say the idea of sanctions against South Africa, it is often approached that this is an innovative policy tool being used by the United States I would just like to say that historically the United States has imposed sanctions against 20 different countries, including some in African—particularly Uganda, where they were used to topple the Idi Amin government, which we supported. Those sanctions were very, very successful in doing that.

There have also been sanctions against Libya, so there is a precedent for our imposing sanctions. The U.S. Government has in the past looked at human rights violations on the continent, and have

seen sanctions as being an appropriate response to the continued denial of those human rights.—

Mr. McCOLLUM. I want to give the panel an opportunity to rebut that criticism. I don't want to just leave it to Dr. Sindab to do. I will try to put it in a context you can answer without putting it into a combating context. Dr. Smock, Reverend Jarman and Reverend Howard, do you believe that there are human rights violations in communist countries in Africa that we ought to be addressing, albeit not to take anything away from the South African economy? Should, independent of that issue, this Congress be more concerned about those violations in communist countries than we are?

Ms. SMOCK. The church for a number of years has asked Congress to implement its own legislation to cut off aid and military assistance to governments which systematically violate the human rights of their citizens. I would suggest the first step is to systematically apply existing legislation—and to cut off arms sales to governments that we have identified as being friendly authoritarian regimes.

Mr. McCOLLUM. You would do that before you get at the Communist countries?

Ms. SMOCK. I think that we already have severe economic sanctions against many of those countries. I would like to see the United States as a first step, implement existing legislation, and then to consider additional actions. I think that a systematic human rights policy is something that the churches would very much advocate.

Mr. McCOLLUM. Reverend Jarman.

Reverend JARMAN. We do have sanctions against Poland. Here you have a Communist country that was, and still is very much violating its citizens' rights, and we imposed stringent sanctions against that country. I am not saying we should go to Poland and do this first as opposed to South Africa, but I am saying that now is the time for this country to take a position on what is happening in South Africa. We have to do it now. We cannot wait.

Mr. McCOLLUM. I am not trying to divert you away from South Africa. I am just trying to help you answer some of your critics. Reverend Howard.

Reverend HOWARD. Mr. McCollum, I would identify with the remarks of the previous speakers on this, but I would come back and urge you, while you do not intend to divert us from South Africa, I think that there are a number of people who do raise this question for precisely that purpose. Perhaps you think I spend too much time on talk shows—I do appear on a number of them, and I like the ones with the call-ins—because this gives us access to people for dialog, which I think is very important on these issues, and invariably we do get callers who point to various injustices in other countries.

I suspect there is no perfect country. As a citizen of this country, who loves this country, I can say I see plenty around me every day, and I would be for the kind of consistent human rights policy universal which Dr. Smock has referred to, but I would insist that there is something rather unique about apartheid, which comes to our own racial history and our own historic collaboration with

white racism in the world, that makes South Africa a special case for us now.

I have traveled in perhaps the major Communist countries in the world, and I do not advocate their social system, but I will say that we do not regard them as our friends. When I look at some of those countries that we do regard as our friends, I think the first step which Dr. Smock has suggested to us is one very wise for our Government to pursue.

I was one of those ministers who provided Christmas services for the hostages in Iran. I thought stringent actions by this Government toward that Government was quite fitting, but I thought it interesting that we had not undertaken stringent policies toward the previous regime, which was at least as guilty of the same human rights abuses.

Now, believe me, in the churches we have a laundry list of our friends who consistently violate our own national sense of decency, and I would hope that since we offer special support for these governments, we ought to begin with them.

Mr. McCOLLUM. Thank you. Thank you, Mr. Chairman.

Chairman FAUNTROY. Ladies and gentlemen of the panel, we appreciate the thoroughness with which you have prepared for this testimony, the eloquence and clarity with which you have delivered it, and the value that it will have for those, in the future, who look back on this era, as they assess what made the American people move in the direction that we obviously are moving to assist in the dismantling of apartheid. We could go on and on, but we do have another panel. I want to thank you on behalf of the entire committee.

May we now call to the witness table the next panel: Ms. Lisa Marie Aubrey, candidate in comparative politics with specialty in South Africa at Ohio State University; Marty Ellington, a student at Georgetown University, Washington, DC, with the Student Coalition Against Apartheid and Racism; and Ms. Lisa Williamson, a student at Rutgers with the Coalition for Total Divestment.

Thank you very much for your preparation for this hearing. I appreciate your time sitting through as we tendered questions to the previous panel.

Dr. Aubrey, we are very pleased to have you lead off in testimony.

STATEMENT OF LISA MARIE AUBREY, CANDIDATE IN COMPARATIVE POLITICS WITH SPECIALTY IN SOUTH AFRICA AT OHIO STATE UNIVERSITY

Ms. AUBREY. I would like to say good morning to everyone. I would like to thank Congressman Fauntroy for inviting me. I am honored to be here today. There is one major correction I would like to make. I am a third-year graduate student at the Ohio State University. I am a Ph.D. candidate, but not a Ph.D. yet.

Chairman FAUNTROY. Congratulations. We look forward to your completion of your course of study, and we trust that the experience of preparing for this congressional hearing has sharpened your skills and your acumen on this question, and will lead to fa-

avorable consideration of your studies at Ohio State by the Ph.D. board.

Ms. AUBREY. Thank you. I think that it is particularly important today that as students we have a chance to testify on this panel. It is important because the educational system here molds the minds of the young, and I think that as students we have to pay increasing attention to events ongoing in the world, and South Africa has captured much of our attention, and for that reason I am very glad today that we have a chance to address the issue.

As students of this Nation's colleges and universities, we feel that it is our responsibility to make our voices heard concerning the issue of apartheid. To do less than take a strong stand, would be to fail to fulfill that charge that America's educational system has prepared us to do—that is, to fight for freedom, democracy, justice, and equality.

Over the past year, activities against the vicious system of apartheid have swept this Nation's campuses, and as a result these activities have called national attention to the atrocities ongoing daily in the Republic of South Africa.

Consequently, policymakers and public officials have joined with us and extended their collective voice to the abhorrence of South Africa's policy of apartheid. Although vocal abhorrence of a nation whose fundamental basis for existence is based on economic exploitation and political repression of 22 million black people is welcome and indeed necessary, it is simply not enough. As Americans we must do more.

South Africa is the only country in the world which institutionalizes racism and denies the majority of its population basic political and economic rights. Seventy-two percent of South Africa's population still do not have the most rudimentary of political rights—the right to vote in national elections which directly affect them. Instead, the white minority regime in South Africa, though its policy of apartheid, has denied them citizenship and made them aliens in the land of their birth. Their way of life is one of a multiplicity of restrictions, being confined to areas in South Africa which are the most barren and unproductive in the entire country.

Essentially, the 72-percent black population of South Africa are relegated to less than human beings by those who govern. Clearly, apartheid is a vicious, racist system which has caused immense undue suffering, both physical and psychological to its innocent victims.

As Americans, these very mechanisms of apartheid fly in the face of our most deeply held values—individual freedom, and equality and justice for all—those basic truths upon which this Nation was founded. If we are to be committed to these values, we must condemn the system of apartheid for being the morally, socially, and economically bankrupt system that it is. Therefore, as students who are citizens, taxpayers, and voters, we admonish this committee to take the appropriate steps to discontinue America's political and economic support of apartheid.

The current U.S. policy of "active engagement" fails to send the appropriate message to Pretoria, simply that the United States does not support the cruel, inhumane and evil system of apartheid. Unfortunately, "active engagement" like passive constructive en-

agement fails to effect any potential significant gains for the political rights of blacks in South Africa.

Essentially, active engagement is a form of too little, too late, ex post facto conciliatory measures characterized by ambiguities and loopholes which can easily serve the interests of the white minority government. To South Africa, President Reagan's mild sanctions are but a reluctant slap on the wrist. By not adopting stronger measures against South Africa, the United States ensures the maintenance of the apartheid system. As the former Prime Minister of South Africa, John Voerster often stated,

"Foreign investment is the bricks and the mortar on which South Africa is built. Each trade agreement, each bank loan and each new investment is another brick in the wall of our existence."

In our opinion, there are far too many bricks and they must be taken down.

The United States embraces apartheid by the \$14.4 billion invested in South Africa. The apartheid regime uses these investments and funds from corporate taxes, as well as foreign equipment such as computers, petroleum, and automobiles, of which the United States supplies 70 percent, 45 percent and 33 percent respectively, to keep the repressive machinery of the South African state running. Clearly, United States investments help to fill the gap between what South Africa itself can provide and what it needs to maintain the system of apartheid.

By this I mean, American investments play a major role in aiding the South Africa police to terrorize peaceful demonstrations and funerals. They are the very dollars which have over the past year alone killed 20 people at Uitenhage, massacred 31 at Cape Town, 50 at Durban, and 29 at Johannesburg. They are the very dollars which have aided to imprison the Reverend Allen Boesak, and which have kept Nelson Mandela incarcerated for a quarter of a century. If the United States is at all true to its values, and has any conscience at all, "How can we continue to be a coconspirator in the crime of apartheid?"

For the past decade, America has justified its presence in South Africa by claiming to work for change through the Sullivan principles—aiming to secure equality in the workplace. However, implementation and compliance to these principles can not be ensured, and as a result they have been used as a source of corporate camouflage for American companies doing business in South Africa.

More fundamentally, however, these principles do not address the central issue of South Africa, and that is, when will civil and political rights for blacks in South Africa be a reality? Economic gradualism and petty apartheid are clearly not a solution to South Africa's problems. Instead, they are a smokescreen for the continuation of the apartheid system.

We recognize and understand those who argue that blacks will suffer most if American firms leave South Africa. We realize that economic suffering is inevitable, but it is a very small price to pay for freedom. Furthermore, our concerns extend beyond the 70,000 blacks who are hired by American firms to the larger 22 million who remained exploited—living in abject poverty, and disenfranchised. Black workers have stated time and again that they are

willing to lose their jobs in exchange for their rightful political and economic rights.

Investments in South Africa not only exploit black South Africans, they also hurt the American economy and American workers as well. Apartheid in South Africa means a loss of jobs in the United States, because of the cheap labor market and the cheap commodities that South Africa provides. As a result, American companies are lured to South Africa because they can make a larger profit and because they can purchase commodities at lower costs. This, in turn, has manifest detrimental effects for the American economy by boosting unemployment.

For example, to cite the case of the American steel industry, which was cited, I think, three times this morning. From 1974 to 1984, production and employment in steel decreased by 50 percent. In 1982, the steel industry lost over \$3.5 billion, and in 1983 the top seven steel producers reported a loss of \$2.7 billion. As a result, plants across the country were shut down, many permanently, and tens of thousands of workers lost their jobs. Simultaneously occurring was the increase in imports of foreign steel from South Africa, which since 1975 has increased over 5,000 percent.

Clearly, a measure such as divestment and an even stronger measure of corporate withdrawal would not only assist the struggle for democracy in South Africa, but also strengthens the United States economy as well, bringing back jobs to the unemployed.

There have been many myths about divestment and corporate withdrawal from South Africa. These myths perpetuate the notion that these actions will significantly adversely affect the United States ability to secure strategic minerals and to make financial profits. These notions are factually incorrect and fears of loss are quite unfounded.

Concerning strategic minerals, the United States presently imports chromium, cobalt, manganese, and platinum from South Africa. Many sources argue that the Soviet Union is the only other comparable source if friendly relations were to be severed with the South African Government. However, that is not the case. According to the report "Strategic Minerals: Technology To Reduce U.S. Import Vulnerability," published by the Congressional Office on Technology Assessment in May of this year:

In the past 25 years, the United States has had at least four major disruptions in the supply of material critical to the economy and national defense. None of these cases, however, resulted in severe or lasting damage to the United States.

Therefore, this illustrates that foreign dependence is not as critical as some might argue. Furthermore, there are also other avenues in which to ascertain these strategic minerals. Self-sufficiency offers one solution. During the four disruptions aforementioned—and those were the Soviet Union, Zimbabwe—at the time it was Rhodesia—Canada and Zaire—the mineral shortfall was made up by relying on Government stockpiles, conservation, recycling and artificial substitutes here in the United States. Therefore, despite the low quality of some U.S. mineral sources, it is possible to achieve significant domestic production. A second solution is to utilize other foreign sources. There is not one mineral that the United

States imports from South Africa which cannot be gotten from another foreign source.

The second argument that divestment or corporate withdrawal will necessarily incur loss proves just as faulty as the arguments about the loss of strategic minerals. For instance, Joan Bavaria, president of the Franklin Research Co. has indicated that fears that divestment will prove costly are groundless. She points out that "Over time, South Africa-free companies have outperformed the restricted stock with a minimal amount of added risk." The same findings are supported by research conducted by Chemical Bank, the U.S. Trust Co. and Trinity Investment Management Corp.

Dr. Andrew Rudd of the Cornell School of Business, in a study published in the *Journal of Portfolio Management* reiterated these findings. We found that "the effect of portfolio risk excluding companies operating in South Africa is, contrary to intuition, not particularly important."

Furthermore, the Daniels & Bell brokerage firm in New York, in a study conducted on institutional portfolios over a 10-year period, found that South Africa-free portfolios substantially outperformed South Africa-invested portfolios with no risk added.

Numerous other studies can be cited which support these findings. Generally, the results of studies of the financial implications of divestment indicate that fears of financial loss are exaggerated and to the contrary, profits tend to be greater when such action is taken. As the Business Environment Risk Information [BERI] Association, a Geneva-based firm specializing in risk analysis for international business has pointed out, "Operational and sociopolitical problems will become more acute in South Africa throughout the 1980s." Therefore, they recommend that concerned persons and businesses:

Deemphasize South African operation and prepare to shift production elsewhere . . . and examine the possibility of orderly withdrawal early in the decade to avoid financial losses.

Therefore, not only is severing economic ties with South Africa the socially responsible thing to do, in the present context of the South African situation plagued by civil unrest, economic recession and a suspension of a \$17 billion foreign debt, it is also the most economically feasible thing to do.

According to the Investor Responsibility Research Center, to date, 31 American companies have either closed down or sold their operations to South Africa, and since March of this year another 5 have announced plans to terminate their operations. Furthermore, States, cities, and other institutions, including the Ohio State University, have passed resolutions to divest completely from corporations doing business in or with the Republic of South Africa.

I am very pleased about Ohio State. It was a long and hard struggle, and the decision that was made was not the popular one for the Columbus community. However, we do have a president that is very unique and that must be commended for taking the stand that he did, and passing the resolution that he did.

I would also like to add that the city of Columbus on Monday also unanimously passed a resolution to discontinue business with

firms that are in collaboration with banks doing business with South Africa

There comes a time, however, when even economic motivations must give way to moral choices. For the United States that time is now. Despite the concern about the financial implications of divestment or corporate withdrawal, a decision about how to deal with South Africa should not be cluttered by arguments in regard to investment performance. Instead, it should be based upon whether we believe that divestment will have an effect on ending the system of apartheid.

We must be aware that American investments in South Africa have taken on a significance greater than the dollar value. These investments represent moral support and grant legitimacy to a system that blatantly and consistently opposes democratic rule. As long as the United States is perceived by its rhetoric and by its actions to support the white regime, America is bound to lose support in all of Africa, and with African-Americans in the United States as well.

We must realize that the United States possesses the uncanny ability as well as the responsibility, as leaders of the democratic world, to impart the primacy of democracy over economic motivations. The United States should, in no way, underestimate its power as a world leader, for there is truth to the statement that says when America sneezes, the whole world catches a cold. Therefore, as students of this Nation's colleges and universities, we submit that the United States discontinue its economic and political partnership with the Republic of South Africa. To do anything less would be to betray the very essence of this Nation and contradict America's commitment to freedom, democracy, equality, justice, and basic human dignity.

If we are the heirs of a nation built and shaped by the likes of Abraham Lincoln and Martin Luther King, we cannot continue in conspiracy in the oppression of a people, particularly racial oppression. To support a system which bases its very existence on a bizarre system of pigmentocracy is to betray the tenets of the Declaration of Independence, the Bill of Rights, the Civil Rights Act of 1964, and American jurisprudence.

As Americans, we cannot be partially against apartheid, for to publicly decry apartheid and derive economic benefits from it is so-phistic and hypocritical. As Americans we must do more.

[The prepared statement of Lisa Aubrey follows:]

"THE QUESTION OF ECONOMIC
SANCTIONS AGAINST SOUTH AFRICA"

A PRESENTATION TO
THE UNITED STATES HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON DOMESTIC MONETARY POLICY

BY

LISA AUBREY

THE OHIO STATE UNIVERSITY

COLUMBUS, OHIO

SEPTEMBER 26, 1985

As students of this nation's colleges and universities, we feel that it is our responsibility to make our voices heard concerning the issue of apartheid. To do less than take a strong stand, would be to fail to fulfill that charge that America's educational system has prepared us to do -- that is, to fight for freedom, democracy, justice and equality.

Over the past year, activities against the vicious system of apartheid have swept this nation's campuses, and as a result these activities have called national attention to the atrocities ongoing daily in the Republic of South Africa.

Consequently, policy makers and public officials have joined with us and extended their collective voice to the abhorrence of South Africa's policy of apartheid. Although vocal abhorrence of a nation whose fundamental basis for existence is based on economic exploitation and political repression of 24 million black people is welcome and indeed necessary, it is simply not enough. As Americans we must do more.

South Africa is the only country in the world which institutionalizes racism and denies the majority of its population basic political and economic rights. 72% of South Africa's population still do not have the most rudimentary of political rights -- the right to vote in national elections which directly affect them. Instead, the white minority regime in South Africa, through its policy of apartheid, has denied them their citizenship and made the aliens in their land of their birth. Their way of life is one of a multiplicity of restrictions, being confined to areas in

South Africa which are the most barren and unproductive in the entire country. Essentially, the 72% Black population of South Africa are relegated to less than human beings by those who govern. Clearly, apartheid is a vicious, racist system which has caused immense undue suffering, both physical and psychological to its innocent victims.

As Americans, these very mechanisms of apartheid lie in the face of our most deeply held values -- individual freedom, and equality and justice for all -- those basic truths upon which this nation was founded. If we are to be committed to these values, we must condemn the system of apartheid for being the morally, socially and economically bankrupt system that it is. Therefore, as students who are citizens, taxpayers, and voters we admonish this committee to take the appropriate steps to discontinue America's political and economic support of apartheid.

The current United States policy of "active engagement" fails to send the appropriate message to Pretoria, simply that the United States does not support the cruel, inhumane and evil system of apartheid. Unfortunately, "active engagement" like passive constructive engagement fails to effect any potential significant gains for the political rights of Blacks in South Africa. Essentially, active engagement is a form of too little, too late, *ex post facto* conciliatory measures characterized by ambiguities and loopholes which can easily serve the interests of the white minority government. To South Africa, President Reagan's mild sanctions are but a reluctant slap on the wrist.

By not adopting stronger measures against South Africa, the United States ensures the maintenance of the apartheid system. As the former Prime Minister of South Africa, John Vorster often stated, "Foreign investment is the bricks and the mortar on which South Africa is built. Each trade agreement, each bank loan and each new investment is another brick in the wall of our existence." In our opinion, there are far too many bricks and they must be taken down.

The United States embraces apartheid by the \$10.4 billion invested in South Africa. The apartheid regime uses these investments and funds from corporate taxes, as well as foreign equipment such as computers, petroleum and automobiles of which the United States supplies 70%, 85%, and 33% respectively, to keep the repressive machinery of the South African state running. Clearly, United States investments help to fill the gap between what South Africa itself can provide and what it needs to maintain the system of apartheid.

By this I mean, American investments play a major role in aiding the South African police to terrorize peaceful demonstrations and funerals. They are the very dollars which have over the past year alone --- killed 20 people at Vitenhage, massacred 31 at Cape Town, 50 at Durban, and 29 at Johannesburg. They are the very dollars which have aided to imprison the Reverend Allen Boesak, and which have kept Nelson Mandela incarcerated for a quarter of a century. If the United States is at all true to its values, and has any conscience at all, "how can we continue to be a co-conspirator in the crime of apartheid?"

For the past decade, America has justified its presence in South Africa by claiming to work for change through the Sullivan Principles -- aiming to secure equality in the workplace. However, implementation and compliance to these principles can not be ensured, and as a result they have been used as a source of corporate camouflage for American companies doing business in South Africa. More fundamentally however, these principles do not address the central issue of South Africa -- and that is, when will civil and political rights for Blacks in South Africa be a reality? Economic gradualism and petty apartheid are clearly not a solution to South Africa's problems. Instead, they are a smokescreen for the continuation of the apartheid system.

We recognize and understand those who argue that Blacks will suffer most if American firms leave South Africa. We realize that economic suffering is inevitable, but it is a small price to pay for freedom. Furthermore, our concerns extend beyond the 70,000 Blacks who are hired by American firms to the larger 22 million who remained exploited - living in abject poverty, and disenfranchised. Black workers have stated time and again that they are willing to lose their jobs in exchange for their rightful political and economic rights.

Investments in South Africa not only exploit Black South Africans, they also hurt the American economy and American workers as well. Apartheid in South Africa means a loss of jobs in the United States, because of the of the cheap labor market and the cheap commodities that South Africa provides. As a result,

American companies are lured to South Africa because they can make a larger profit and because they can purchase commodities at lower costs. This, in turn, has manifest detrimental effects for the American economy by boosting unemployment. For example, the American steel industry is presently suffering its worst recession in decades. From 1974 to 1984, production and employment in steel decreased by 50%. In 1982, the steel industry lost over \$3.5 billion, and in 1983 the top 7 steel producers reported a loss of \$2.7 billion. As a result, plants across the country were shut down, many permanently, and tens of thousands of workers lost their jobs. Simultaneously occurring was the increase in imports of foreign steel from South Africa, which since 1975 has increased over 5000%. Clearly, a measure such as divestment and an even stronger measure of corporate withdrawal would not only assist the struggle for democracy in South Africa, but also strengthen the United States economy as well, bringing back jobs to the unemployed.

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other comparable source if friendly relations were to be severed with the South African government. However, that is not the case. According to the report - Strategic Minerals: Technology to Reduce U.S. Import Vulnerability published by the Congressional Office on Technology Assessment in May of this year, "In the past 25 years, the United States has had at least four major disruptions in the supply of material critical to the economy and national defense." "None of these cases (however) resulted in severe or lasting damage to the the United States." Therefore, this illustrates that foreign dependence is not as critical as some might argue. Furthermore, there are also other avenues in which to ascertain these strategic minerals. Self-Sufficiency offers one solution. During the four disruptions aforementioned, the mineral shortfall was made up by relying on government stockpiles, conservation, recycling and artificial substitutes here in the United States. Therefore, despite the low quality of some U.S. mineral sources, it is possible to achieve significant domestic production. A second solution is to utilize other foreign sources. There is not one mineral that the United States imports from South Africa which can not be gotten from another foreign source.

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Therefore, not only is severing economic ties with South Africa the socially responsible thing to do, in the present context of the South African situation plagued by civil unrest, economic recession and a suspension of a \$17 billion foreign debt, it is also the most economically feasible thing to do. According to the Investor Responsibility Research Center, to date, 31 American companies have either closed down or sold their operations to South Africa, and since of March of this year another five have announced plans to terminate their operations. Furthermore, states, cities, and other institutions, including The Ohio State University, have passed resolutions to divest completely from corporations doing business with the Republic of South Africa.

There comes a time however when even economic motivations must give way to moral choices. For the United States that time is now. Despite the concern about the financial implications of divestment or corporate withdrawal, a decision about how to deal with South Africa should not be cluttered by arguments in regard to investment performance. Instead it should be based upon whether we believe that divestment will have an effect on ending the system of apartheid.

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its actions to support the white regime, America is bound to lose support in all of Africa, and with African-Americans in the United States as well.

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If we are the heirs of a nation built and shaped by the likes of Abraham Lincoln and Martin Luther King, we cannot continue in conspiracy in the oppression of a people, particularly racial oppression. To support a system which basis its very existence on a bizarre system of pigmentocracy is to betray the tenets of the Declaration of Independence, the Bill of Rights, the Civil Rights Act of 1964 and American Jurisprudence.

As Americans, we cannot be partially against apartheid, for to publicly decry apartheid and derive economic benefits from it is sophomoric and hypocritical. As Americans we must do more.

Chairman FAUNTROY. Ms. Aubrey, let me thank you again for excellent testimony. You have answered two of the questions which we were interested in exploring, in a very precise way, citing a number of competent authorities on this question, and I am sure that those who have attended this hearing and are able to get copies of your testimony as well as those who have preceded you are going to be enriched by the factual information you have brought to our attention, and I look forward to the Members of the U.S. House and Senate reading in the record the factual presentations you have made here today.

I want to thank as well Marty Ellington and Ms. Williamson for making themselves available for participation in this panel. What has your student community done to address the need for divestment or disinvestment?

Ms. AUBREY. I am at Ohio State University, as I indicated earlier, and essentially we began looking into Ohio State's investments in South Africa in December 1984.

In January we began meeting with some of the critical people that we needed to talk to, the treasurer of the university as well as the president. The initial reaction was just to dismiss, not thinking that it was serious. However, we organized and mobilized a number of students as well as with community and faculty and staff support.

Thereupon, we got a committee, the South African Investment Review Committee, to study the issue of divestment, and it was composed of faculty staff and students, and thereupon we made some recommendations to the president, who, along with the members of the board of trustees, looked over the recommendations, and the first several answers to us was that they could not completely divest. They offered some partial divestment suggestions, which we would not agree to, and we continued to fight and continued to struggle and continued to try to persuade the people in power.

On June 7, the board of trustees did vote for complete divestment.

Chairman FAUNTROY. Excellent.

Mr. Ellington.

STATEMENT OF MARTY ELLINGTON, STUDENT, GEORGETOWN UNIVERSITY, WASHINGTON, DC, STUDENT COALITION AGAINST APARTHEID AND RACISM

Mr. ELLINGTON. I am with the Student Coalition Against Apartheid and Racism, and we have been around for the last 3 years. We began our activities in the fall of 1983, and basically what we have been doing over this period of time has been educating the students in the area as to the nature of apartheid and also the U.S. role in apartheid.

In terms of specific activities, as I said, I have been involved in the divestment struggle at Georgetown University, and this past spring we were able to win a victory of a \$2 million partial divestment.

The student coalition has also been involved with the Free South Africa Movement at the Embassy. We were involved with three

Embassy days, culminating on February 1, which is the 20th anniversary of the student antiapartheid movement. We are currently involved in planning for October 11, which is National Anti-Apartheid Protest Day. And along with students from across the country we plan to be once again raising to the American people and to American students what is happening in South Africa, and what exactly United States policy is.

Chairman FAUNTROY. Thank you.

Ms. Williamson, we have the testimony which you have prepared, and without objection we will enter that into the record together with the very relevant statement of the Governor of New Jersey, which has already been referenced in the course of this hearing dealing with the subject.

I would be pleased now for you to share with us what has been your experience.

**STATEMENT OF LISA WILLIAMSON, STUDENT, RUTGERS
UNIVERSITY, RUTGERS COALITION FOR TOTAL DIVESTMENT**

Mr. WILLIAMSON The statement that I prepared for today was not a general text on apartheid, but it is an answer to the question you you are asking me now in terms of the history of the student apartheid movement at Rutgers, if I could just be given 3 minutes to review it.

The student anti-apartheid movement at Rutgers University has a long and active history. The roots of the Rutgers movement, as in more cases than not, are deeply imbedded in the struggle of African American students to gain some semblance of equity both domestically and internationally.

At Rutgers, it has the African Student Congress that undertook the task of addressing and protesting South Africa. Despite various demonstrations, and mass marches, and call for total divestment of university funds from corporations doing business in South Africa were continually met by diversionary half-hearted, inadequate responses by the university administration.

Before addressing the financial aspects of the Rutgers University portfolio, on behalf of the students at Rutgers, I register a formal objection to the discussion of economic consequences of divestment as a rationale for continuing investment in the racist regime of South Africa where African people are amidst a holocaust of the most atrocious nature.

We believe that there is involved herein a moral imperative far greater than any expressed allegiance to a fiduciary responsibility.

The Rutgers University administration, in 1973, in response to student demands, established an investment policy which agreed to associate social injury with corporate activity, or to make it a matter of investment policy to exercise shareholder's rights to help eliminate social injury, or failing that to sell the securities in question. It added that it would consider the adoption of the Sullivan principles in judging the question of social injury.

In 1978, 5 years later, again in response to student protest and unrest, the university equivocated a new policy in relation to investments in corporations doing business in South Africa. The resolution of the Joint Investment Committee, which is comprised of

members of both the board of governors and board of trustees, proposed to:

One, measure the employment policies and practices of corporations doing business in South Africa against the current requirement of the United States law and public policy.

Two, consider a corporations adoption of the Sullivan principles in judging the question of social injury.

Three, expand the definition of social injury to include consideration of the place of a company's products and services in the system of enforcing apartheid policies.

Four, give positive consideration to recommending divestiture of holdings in financial institutions or corporations that are engaged in the extension of credit, beyond current commitments, to the South African Government or its agencies and instrumentalities.

The resolution also delegated monitoring responsibility for the 1978 policy with the Senate Investments Advisory Committee, comprised of students faculty, administration and a representative of the alumni association.

In the spring of 1983, propelled by student activism, the executive committee of the university senate asked the Senate Investment Advisory Committee to review the university's investment policy. As a consequence, in May 1984, the Senate Investment Advisory Committee after a long debate, recommended the divestiture of all investments of the university's funds which are directly or indirectly linked to the Republic of South Africa.

The Joint Investment Committee deliberated over the recommendations for months. Meanwhile, students of various organizations gathered together under one common umbrella called Rutgers Coalition for Total Divestment.

They undertook the calling of total divestment of university funds. The coalition employed a very strategical and systematic educational process of combing the university campus with teach-ins, rallies, fliers, leaflets, and various other data. After raising consciousness to a large degree, the coalition carefully researched the university portfolio.

The coalition brought in a financial analyst, Marcy Merningham, who before a public forum displayed how the university could divest and still fulfill its fiduciary responsibility.

On November 20, 1985, a public hearing was called due to mounting pressure on the Joint Investment Committee. At this meeting, a crowd gathered and called for divestment.

Of 31 speakers, only one was antidiinvestment. At the time of the hearing, the university held \$13.1 million in corporations doing business in South Africa.

This represented 18.5 percent of the total endowment and 40.1 percent of the total common stock holdings. As a result of mounting protests, the board of governors and board of trustees adopted a partial divestment policy.

They agreed to divest from companies that were not Sullivan principle signatories. They divested also from companies that were not in the first top two categories of Sullivan principles high performers.

The committee also endorsed the expanded version of the Sullivan principles. This divestment represented in dollars, \$3.6 million.

Enraged by the university decision not to honor the community consensus, which was total divestment, the student organizing effort escalated. On April 12, 1985, the Rutgers Coalition for Total Divestment seized a university building and renamed it Mandela Center. They pledged to remain outside of the building—the doors being chained shut—until the university made a decision to totally divest. Access to the building was made via the side doors.

The protesting of the students gained statewide as well as national attention. The sit-in continued for 32 days. Simultaneous with the sit in, was the coalitions unrelenting effort to aid the passing of the bill A1309, introduced by Deputy Speaker Willie Brown for the New Jersey State Legislature which called for the divestment of State pension funds from corporations doing business in South Africa. Two billion dollars in pension funds.

When the bill came up for the vote students filled galleries of the legislature urging their respective legislators to vote for passing. The strategy was to force a decision on the State level in order to influence the university level while exerting continued pressure via the sit-in.

With the assistance of the students of the bill A1309 passed in the House and the Senate. After doing so, the student representatives of the coalition merged with the religious and civil community, as well as unions and other organizations to form the New Jersey Coalition for Divestment.

This organization exerted continuous pressure on the governor and staged a 24-hour sleep-in on the steps of the legislature. On August 20, Governor Kean of New Jersey officially signed the bill, citing the student organization and the New Jersey coalition as key factors in aiding his decision.

A few days thereafter, the Rutgers Joint Investment Committee, having agreed to review its policy due to tremendous pressure exerted by students, as well as the citing of a stipulation in the partial divestment decision which read that "changing conditions in South Africa may warrant review of this partial divestment policy," convened to make its recommendations concerning its investment policy.

At this point the university held approximately \$7 million in investments. Many in the open segment of the meeting by faculty, staff, alumnae, and students who vowed an even larger presence come September, the Joint Investment Committee approved a recommendation for total divestment.

They attributed the decision to the Kean decision, the financial infeasibility and risk for a South African investment, the overwhelming threat of a major student presence, and the state of emergency in South Africa.

Days later, it was revealed by the university assistant treasurer that Rutgers University stood to gain \$2.5 million in the decision for divestment.

In concluding, the students at Rutgers University would cite a minimally 12-year student struggle for total divestment. The meticulous laying out of the evolution of this process was intentionally pursued.

It hopefully clearly illustrated, the hypocrisy yet success achieved by semantical delay tactics. Wherein a policy of constructive engagement was adopted, it was never successful.

Instead we witnessed the yearly destruction of a people and a culture. Instead we witnessed allegiances to principles that never were aimed at the heart of apartheid, never were a feasible alternative, and on the basis of self analysis never had a chance for practical application.

We would like to end with a statement we would hope this committee would take very seriously. It was taken from the speech given by Gov. Thomas Kean at the bill signing ceremony in New Jersey divesting \$2 billion in State pension funds.

[The statement follows:]

There has been a great deal of debate about the economic consequences of a policy of divestiture for the State pension fund and its beneficiaries. Indeed, it has been argued by responsible fiscal analyst that the state pension fund would suffer a loss of revenue. This argument misses the point.

There may well be a revenue loss to the pension fund. But the issue of investments in South Africa is not merely an economic issue. It is a profoundly moral issue as well, one so compelling that economic arguments against divestiture—however persuasive in a fiscal sense—pale in comparison to the moral imperative or working to end apartheid.

Governor Kean is a Republican.

Copies of his speech are attached.

Thank you.

[The prepared statements of Lisa Williamson and attached statement of Gov. Thomas H. Kean dated August 20, 1985 follow:]

DIVESTMENT AND SOUTH AFRICA

(Testimony by Lisa Williamson, Rutgers Coalition for Total Divestment, Sept. 26, 1985)

The student Anti-Apartheid movement at Rutgers University has a long and active history. The roots of the Rutgers movement, as in more cases than not, are deeply imbedded in the struggle of African American students to gain some semblance of equity both domestically and internationally. At Rutgers, it was the African Student Congress that undertook the task of addressing and protesting South Africa. Despite various demonstrations, and mass marches, the call for total divestment of university funds from corporations doing business in South Africa were continually met by diversionary half-hearted, inadequate responses by the university administration.

Before addressing the financial aspects of the Rutgers University portfolio, on behalf of the students at Rutgers, I register a formal objection to the discussion of economic consequences of divestment as a rationale for continued investment in the racist regime of South Africa where African people are amidst a holocaust of the most atrocious nature. We believe that there is involved herein a moral imperative far greater than any expressed allegiance to a fiduciary responsibility.

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In 1978, five years later, again in response to student protest and unrest, the university equivocated a "new" policy in relation to investments in corporations doing business in South Africa. The resolution of the Joint Investment Committee, (which is comprised of members of both the Board of Governors and Board of Trustees), proposed to;

1. Measure the employment policies and practices of corporations doing business in South Africa against the current requirement of the United States Law and Public Policy.
2. Consider a corporations adoption of the Sullivan Principles in judging the question of social injury.
3. Expand the definition of social injury to include consideration of the place of a company's products and services in the system of enforcing apartheid policies.
4. Give positive consideration to recommending divestiture of holdings in financial institutions or corporations that are engaged in the extension of credit, beyond current commitments, to the South African government or its agencies and instrumentalities.

The resolution also delegated monitoring responsibility of the 1978 policy with the Senate Investments Advisory Committee, comprised of students, faculty, administration and a representative of the Alumni Association.

In the Spring of 1983, propelled by student activism, the Executive Committee of the University Senate asked the Senate Investment Advisory Committee to review the university's investment policy. As a consequence, in May 1984, the Senate Investment Advisory Committee after a long debate, recommended the "divestiture of all investments of the university's funds which are directly or indirectly linked to the Republic of South Africa.

The Joint Investment Committee deliberated over the recommendation for months. Meanwhile, students of various organizations gathered together under one common umbrella called "Rutgers Coalition For Total Divestment." They undertook the calling of total divestment of university funds. The coalition employed a very strategical and systematic educational process of combing the university campus with teach-ins, rallies, fliers, leaflets, and various other data. After raising consciousness to a large degree, the coalition carefully researched the university portfolio. The coalition brought in a financial analyst, Marcy Merningham, who before a public forum displayed how the university could divest and still fulfill its fiduciary responsibility.

On November 20, 1985 a public hearing was called due to mounting pressure on the Joint Investment Committee. At this meeting, a crowd of approximately 1000 people; students, faculty, staff, and community gathered and called for divestment. Of 31 speakers, only one was anti-divestment. At the time of the hearing, the university held 13.1 million dollars in corporations doing business in South Africa. This represented 18.5% of the total endowment and 40.1% of the total common stock holdings. As a result of mounting protests, the Board of Governors and Board of Trustees adopted a partial divestment policy. They agreed to divest from companies that were not Sullivan Principle Signatories. They divested also from companies that were not in the first top two categories of Sullivan Principles high performers. The committee also endorsed the expanded version of the Sullivan Principles. This divestment represented in dollars, 3.6 million.

Enraged by the university decision not to honor the community consensus, which was total divestment, the student organizing effort escalated. On April 12, 1985, the Rutgers Coalition for Total Divestment seized a university building and renamed it Mandela Center. They pledged to remain outside of the building (the doors being chained shut) until the university made a decision to totally divest. (Access to the building was made via the side doors.) The protesting of the students gained statewide as well as national attention. The sit in continued for 32 days. Simultaneous with the sit-in, was the coalitions unrelenting effort to aid the passing of the bill A1309, introduced by Deputy Speaker Willie Brown of the New Jersey State Legislature which called for the divestment of state pension funds from corporations doing business in South Africa. (2 billion dollars in pension funds.) When the bill came up for the vote students filled the galleries of the legislature "urging" their respective legislators to vote for its passing. The strategy was to force a decision on the state level in order to influence the university level while exerting continued pressure via the sit-in.

With the assistance of the students the bill A1309 passed in the House and the Senate. After doing so, the student representatives of the Coalition merged with the religious and civic community, as well as unions and other organizations to form the New Jersey Coalition For Divestment. This organization exerted continuous pressure on the governor and staged a 24 hour sleep in on the steps of the legislature. On August 20, Governor Kean of New Jersey officially signed the bill, citing the student organization and the NJ Coalition as key factors in aiding his decision.

A few days thereafter, the Rutgers Joint Investment Committee, having agreed to review its policy due to tremendous pressure exerted by students as well as the coming of a stipulation in the partial divestment decision

which read that "changing conditions in South Africa may warrant review of this partial divestment policy", convened to make its recommendation concerning its investment policy. At this point the university held approximately 7 million dollars in investments. Met in the open segment of the meeting by faculty, staff, alumnae, and students who vowed an even larger presence come September, the Joint Investment Committee approved a recommendation for total divestment. They attributed their decision to the state of emergency in South Africa. Students attributed the decision to the Kean decision, the financial infeasibility and risk of a South African Investment, the overwhelming threat of a major student presence, and the state of emergency in South Africa.

Days later, it was revealed by the university assistant treasurer that Rutgers University stood to gain 2.5 million dollars in their decision for divestment.

In concluding, the students at Rutgers University would cite a minimally twelve year student struggle for total divestment. The meticulous laying out of the evolution of this process was intentionally pursued. It hopefully clearly illustrated, the hypocrisy yet success achieved by semantical delay tactics. Wherein a policy of constructive engagement was adopted, it was never successful. Instead we witnessed the yearly destruction of a people and a culture. Instead we witnessed allegiances to principles that never were aimed at the heart of apartheid, never were a feasible alternative, and on the basis of self analysis never had a chance for practical application. We would like to end with a statement we would hope this committee would take very seriously. It was taken from the speech given by Governor Thomas Kean at the bill signing ceremony in New Jersey divesting 2 billion dollars in state pension funds.

" There has been a great deal of debate about the economic consequences of a policy of divestiture for the state pension fund and its beneficiaries. Indeed, it has been argued by responsible fiscal analyst that the state pension fund would suffer a loss of revenue. This argument misses the point. There may well be a revenue loss to the pension fund. But the issue of investments in South Africa is not merely an economic issue. It is a profoundly moral issue as well, one so compelling that economic arguments against divestiture--however persuasive in a fiscal sense--pale in comparison to the moral imperative of working to end apartheid."

Govenor Kean is a Republican. Copies of his speech are attached.

STATEMENT OF GOVERNOR THOMAS H. KEAN
CONCERNING DIVESTITURE OF NEW JERSEY STATE PENSION FUNDS
FROM COMPANIES DOING BUSINESS IN SOUTH AFRICA

AUGUST 20, 1985

Over the past several months, the situation in South Africa has deteriorated significantly.

In the past year, over 600 people have met a violent death in that country -- often at the hands of the government or its agents. All but a handful of the victims have been black.

Since the state of emergency was declared on July 20th, over 1,600 people have been taken into custody by the government.

Violence continues to escalate daily.

And, against this backdrop, the brutal system of apartheid lives on.

The grim reality which is being exposed in the daily news reports from South Africa cries out for a response from all concerned and thinking human beings.

We can no longer stand by and watch while a system predicated on racism attempts to subjugate an entire people. The time has come for action to change -- and to end, once and for all -- the oppressive system of apartheid.

Therefore, today I am announcing my support for legislation which would require the Division of Investment to divest New Jersey public pension funds from banks and companies doing business in South Africa; and which would adopt a state policy of actively working to end apartheid.

There has been a great deal of debate about the economic consequences of a policy of divestiture for the state pension fund and its beneficiaries. Indeed, it has been argued by responsible fiscal analysts that the state pension fund would suffer a loss of revenue.

This argument misses the point. There may well be a revenue loss to the pension fund. But the issue of investments in South Africa is not merely an economic issue. It is a profoundly moral issue as well, one so compelling that economic arguments against divestiture -- however persuasive in a fiscal sense -- pale in comparison to the moral imperative of working to end apartheid.

It has been argued that it is not within the power or the jurisdiction of New Jersey state government to make foreign policy -- that the Constitution specifically places responsibility for dealing with foreign governments in the hands of the Federal government.

That may be true. But there are instances in human history when the gravity of an evil is so clear, and the cost of its continuance so great, that governments -- at every level -- must use every tool at their disposal to combat it. Apartheid is such an evil.

In my view, governments -- in a democracy -- have a unique responsibility to speak out, and to act, on issues of such overriding importance.

In fact, in some cases, those who feel precluded from acting on this question because of their particular positions have specifically assigned the responsibility to act to government.

A university, for example, might argue that its need to protect academic freedom precludes it from using its resources to press its political views on other institutions outside the campus; but that governments have a duty to pursue their ideals. Harvard University President Derek Bok made this distinction in his 1984 statement on divestment, in which he wrote, "the university is quite unlike other institutions, such as governmental bodies, which are designed to exert power over others and to be subject in turn to outside pressures from groups seeking to influence the uses of power in a democracy."

Moreover, the State of New Jersey simply cannot escape involvement in the question of investment, in South Africa. New Jersey public pension funds represent the forty-second largest portfolio of investments in the nation. Those investments can be potential instruments for change; or they can be sources of support for the apartheid structure. Our actions can help determine which.

Apartheid is an anathema to everything we stand for in this democracy, and in this state.

This country was founded on the premise, stated in the Declaration of Independence, that all men are created equal, that they are endowed with certain inalienable rights, that governments are instituted to secure these rights, and that governments derive their powers from the consent of the governed.

The practice of apartheid is in direct contravention of all of these principles.

It is a negation of all that we believe in. It an affront to human decency. It is a blot on the record of human progress. It is a dark cloud which casts an increasingly ominous pall on the cause of human freedom.

Our Declaration of Independence came about because of the belief that when men and women can no longer suffer "a long train of abuses and usurpations, pursuing invariably the same object", they have a right and a duty to alter their system of government.

The majority of people in South Africa have suffered such a "long train of abuses," all with the single-minded purpose of defending the indefensible system of apartheid. Their moment to alter their government has arrived.

The question now comes to us whether we shall be partners in the effort to end apartheid.

There can no longer be any doubt that we must act.

Both supporters and opponents of divestment agree that a system which is rooted in inequality and which institutionalizes racism is abhorrent and must be changed.

The dilemma now before us is how best to strike a blow against apartheid.

How best can we, as Americans, advance the cause of reform in South Africa?

How can we encourage economic and political progress in South Africa which incorporates the black majority?

How can we help strengthen the black middle class so as to foster the technical and professional expertise necessary for economic growth and effective governance?

How can we lead the South African government to recognize that the policy of maintaining apartheid is untenable; that it must extend the franchise to all South Africans; and that the continued trampling of the rights of the majority is merely a prescription for disaster?

In my view, the answer to all of these questions is a policy of constant pressure from all levels of government and society; of continued vigilance in defense of basic freedoms and human rights; of unrelenting action to advance the twin causes of democracy and equality.

We can not -- and must not -- totally remove ourselves from involvement in South Africa with a single wave of the hand and feel that our job is done.

We cannot simply declare an end to our responsibility in South Africa and walk away from this dramatic example of human suffering.

We cannot, in the words of noted columnist William Raspberry, engage in a quick and easy "ritual washing of the hands".

I believe that we can do more to bring about the end of apartheid through a demonstration of continuing concern about equality and freedom in South Africa than we can through a one-time act that results in total isolation.

Nevertheless, the actions of the South African government in recent weeks and months make it clear that pressure is needed in order for change to occur. The policy I am enunciating today should help provide that pressure.

We must make a strong statement which reflects our concern about the current suffering in South Africa, and our contempt for the system of apartheid. This policy is such a statement.

Today, I am recommending that the state divest itself of stocks and bonds in companies that do business in South Africa.

The policy I am putting forward today does not call for total divestiture of such stocks and bonds without any recourse, however.

It is based on the premise that what we are seeking to change is not necessarily the behavior of United States companies operating in South Africa, but the behavior of the South African government itself.

Our policy of divestment is not a reflection on the character of American companies doing business there -- indeed, many of them are among New Jersey's most distinguished corporate citizens. I am impressed that many of them are working to the best of their ability to effect peaceful change in South Africa. Rather, our policy is a manifestation of our urgent desire to register our total dissatisfaction with the course of events in South Africa.

Therefore, should events change for the better -- should there be definite and marked progress toward an end to apartheid -- I believe we should retain the right to react to that change.

In short, I believe that the action we take on the question of South Africa must not only be action designed merely to make ourselves feel good today; it must be action designed to change the situation in that country in the months and years ahead, and to end the system of apartheid once and for all.

Total divestiture of stocks and bonds in American companies doing business in South Africa, without any recourse or flexibility whatsoever, would accomplish our desire to register our disapproval immediately. But it would rob us of the ability to react to change over the longer term.

Our goal should be to move the government of South Africa in a positive direction -- toward equality for all, franchise for all, and an end to apartheid. And our policy should be elastic enough to respond to that movement.

We must have a continuing vehicle through which to indicate our disapproval if no significant change occurs, and to react positively to positive developments.

Our policy, in other words, should provide incentives for improvement.

And our effort, in my view, must be sustained.

Therefore, in addition to announcing my support for divestiture from those companies doing business in South

Africa, I am also recommending the adoption of legislative provisions which would give us the continuing ability to respond to developments in South Africa.

Specifically, I am asking the Legislature for passage of a measure which would give the Governor the authority to modify divestiture based on the future actions of the South African government.

The authority I am requesting would be conditioned on a dramatic and demonstrable effort by the South African government to end apartheid and would only come into play upon a finding that the South African government is taking significant steps toward such an end.

Some have argued that the state should not divest pension investments from those companies that have signed the so-called Sullivan Principles and are actively working to improve conditions for black workers in South Africa.

Unfortunately, the current state of affairs makes such a policy inappropriate.

Our condition for continued investment in South Africa must be nothing less than an end to apartheid. And until and unless the government of South Africa can show that such an end is in sight, I believe we must proceed with divestiture.

As Reverend Sullivan himself stated recently: "Apartheid must be ended peacefully now or there will be violence like we've never seen. It will shake all the countries of Africa. It will spill into the cities and streets of America. It will divide our own country... If apartheid doesn't end, I call for the removal of all U.S. investment."

In summary, I am proposing more than a one-shot washing of our hands of the trouble in South Africa.

I am proposing that we begin to divest our pension funds from companies doing business in South Africa; but that we establish a mechanism for reviewing our policy and amending it as conditions dictate.

Beyond that, there may be other means at the state's disposal to exert pressure on the South African government to end apartheid. I believe we should pursue them.

Today, I am directing the State Treasurer to conduct a review of the state's procurement practices to determine if the state now purchases goods which are manufactured in South Africa.

In addition, I am asking the Treasurer to conduct a review of the practices of all companies currently doing business in South Africa from which the state purchases major goods and services.

These steps will serve to emphasize the seriousness of our commitment to combat the injustice of apartheid, and may well provide another means of exerting pressure for reform in that troubled land.

At one time, I thought that another course of action with respect to the question of South Africa might have been justified. But the recent events in that country -- and specifically the actions of the South African government -- make it clear that any other course of action at this time is morally indefensible.

The time for all who care about freedom, about equality, about justice, and about human dignity to take a stand against apartheid has come. Today, New Jersey is taking such a stand.

Chairman FAUNTROY. Thank you very much, Ms. Williamson.

One issue ~~that some~~ opponents of divestiture and disinvestment have offered for not carrying out divestment on campus is that some have suggested that the net effect will be that those students who rely on stipends and fellowships might be hurt by such appeals. I am sure that in the course of committees and commissions that were established, both administrators, trustees and students, you had to deal with that question, and I wonder if there is anyone here who would like to, for the record, answer it.

In the beginning of the struggle I watched administrators come up with a list of many reasons why they should not divest, and as the months and years unfolded, I saw a desperate attempt for them to grasp at even the smallest things to be able to hold on to arguments that they saw dissipating before their very eyes.

I think the argument of giving students scholarships and their receiving them from these same corporations is an example of their desperate attempt, in that if I were a Jew during Nazi Germany, I would certainly reject any grant from corporations that were supplying war arms to Hitler. I am not willing to be blackmailed or have a few students blackmailed at the expense of an entire nation, which is my heritage.

Ms. AUBREY. I find the argument quite interesting because those of us who are on fellowships at Ohio State are over 80 percent black, and I would assume that the same people saying that we will lose our fellowships are the same people who are arguing that blacks in South Africa will lose their jobs.

I find that argument the epitome of a reactionary mentality. It is a totally fallacious kind of argument, and I do agree with my colleague from Rutgers that the closer that we get to divestment, and

the more it becomes a reality to the people in power that they have no choice, but to divest. They start to grapple for straws, and that is one of the arguments like the others that didn't hold water for us.

We made sure that in some ways the profits that Ohio State made from being invested in South Africa, the money made off of the blacks and the bloodshed of blacks in South Africa in some ways will make amends for African-Americans by providing more scholarships and by increasing the number of black South African students who will receive aid to attend Ohio State University. So that is an issue that we need to address, but from a different angle.

Chairman FAUNTROY. Mr. Ellington, you wanted to respond.

Mr. ELLINGTON. Thank you, Mr. Chairman. First of all, in terms of financial aid to students, the majority of financial aid does not come from the individual schools. It comes from the Federal Government, so if we are talking about increasing the ability of students to afford college, that is where it has to come from.

The moneys that go to students go to only a very small proportion of the students. So first of all, that is the first part of it.

Second, in terms of these investments that we are talking about, we are talking about investments in Mobil, in General Motors, et cetera. These are blue-chip corporations, corporations which are very secure over the long term, but in terms of turning over a large revenue over the short term, these are not the types of companies that would do this.

Actually you would find that if the various pension funds and also the schools in particular, they were to shift their emphasis from these blue-chip corporations to more short term. We can say more risky, more socially productive ventures would actually make more money. So therefore, there would be more money for the schools and also for the students, if that was the actual issue.

At Georgetown University it is really not an issue of money. Basically, it is an issue of clout. As I am sure you know, as you do know, Gene Kirkpatrick hails from Georgetown, and Chester Crocker, associate secretary of African Affairs, so this is very important to us at Georgetown to force universities to change their policies in this area.

I spoke earlier of a \$2 million victory from the board of trustees. It is very interesting that on the board of trustees of the major universities of all the universities in the country, you have these very same corporate heads sitting on the boards, so on your board we had Citibank, and also the president of Mobil Oil, who is currently leading the ant divestment struggle in Congress, and very interestingly, he was the one who actually suggested a compromise of the \$2 million divestment. So I would have to add to what the earlier panel said.

What exactly are they doing? In South Africa they are basically going at the whole system of apartheid and the concessions are currently being won by us.

Chairman FAUNTROY. Have you at Georgetown been able to assemble any kind of commission or advisory committee that would solve both trustees, administrations and students, to assess Georgetown University's investments?

Mr. ELLINGTON. I didn't really go into the whole machinery of what we have been doing over the last few years because of time considerations, but basically at Georgetown University there was a disinvestment struggle, I believe, in 1979, and at that point the board of trustees did not want to meet directly with the students and whoever else was interested in divestment or, rather questions of social responsibility. So what they did was they set up an intermediate committee called the Committee on Investments and Social Responsibility, basically was between the students and anyone else and the board of directors.

Basically, the purpose of that committee was to supposedly, at all times, examine the effects of disinvestment, the effects of what United States investments, specifically Georgetown investments in South Africa were doing. Interestingly enough, they were formed in 1979, and they never met again until 1984, when we were the ones who were pushing the gain, and so over the course of a year we met with them, and finally at the end, after putting us through the ringer, sending us here, sending us there—like I say, we were able to win the \$2 million victory.

But at the same time, it was very clear that the committee itself was there, not to actually examine, but basically to halt any type of activity.

Chairman FAUNTROY. So you have not taken over any buildings, yet?

Mr. ELLINGTON. No.

Chairman FAUNTROY. Let me thank each of you for the care with which you have prepared your testimony, and the clarity with which you have delivered it. We are very pleased to have had you to contribute. With that, we will bring the committee hearing to a close.

[Whereupon, at 12:15 p.m., the committee was adjourned subject to the call of the Chair.]

[The following statements of the National Foreign Trade Council, Inc., were submitted for the record. The material follows: United Church of Christ, National Council of Churches of Christ in the U.S.A., United Methodist Church, Interfaith Center on Corporate Responsibility.]

NATIONAL FOREIGN TRADE COUNCIL, INC.

900 17TH STREET, N.W., WASHINGTON, DC 20006 (202) 887-6278

Statement of
The National Foreign Trade Council
submitted to the
House Committee on Banking,
Finance and Urban Affairs
Subcommittee on Domestic Monetary Policy
Hearing on South Africa
September 26, 1985

The National Foreign Trade Council is a private, non-profit organization with a membership of more than 550 U.S. companies engaged in international business. Since 1914, when it was established, the Council's aim has been to promote the expansion of American trade and investment. To this end the Council has advocated an open international economy and the reduction of barriers to trade and investment.

The Council believes that South Africa's racial policies must be eliminated. Our view is based on a concern for the lives and livelihood of our members' employees in South Africa as well as for the security of our investments. U.S.-based companies represent a small part of South Africa's economy, but we believe that they can play a very useful, even catalytic role in promoting necessary change.

We are strongly opposed to any legislation which would have the direct or indirect effect of causing affiliates of U.S. firms to abandon their involvement in South Africa. We recommend instead active sup-

port of, and encouragement to, those elements within South Africa, including business, labor unions, and others, that are committed to positive change. This, combined with a forceful, diplomatic effort by the U.S. and other western nations, offers the best hope. The stakes in South Africa are too high to neglect the problem or to pursue a strategy likely to polarize the forces within South Africa when social change without massive violence is still possible.

Many supporters of sanctions against South Africa believe such actions will force the government to collapse or to change more rapidly. But the history of economic sanctions and the history of South Africa put the burden of proof on the proponents of this tactic, particularly in light of the suffering it would impose on the South African blacks. A recent historical study by the Insitute for International Economics points out the wishful thinking behind the use of such sanctions. That study concludes that very few economic sanctions achieve their goal; that many have the opposite effect from that intended; that sanctions are least likely to succeed when imposed unilaterally; and that it is virtually impossible for sanctions to fundamentally change the policies of strong, independent-minded nations. Our own recent history of sanctions applied against the Soviet Union should remind us of many of these points.

Additionally, the experience with economic sanctions against South Africa is discouraging. The arms embargoes of the early '60s and '70s produced just the opposite effect from that intended, motivating South

Africa to become not only self sufficient but, indeed, a major arms exporter.

The greatest near-term risk of sanctions is that while failing to produce political effects, they will weaken investor confidence in South Africa creating an economic downturn that would be disastrous to the prospects for peaceful reform.

Finally, the sanctions approach would encourage a part of the South African political spectrum which would prefer to see that country become more autaric and sealed off from the influence of western democracies.

Modern free enterprise and its need for a well-educated, well-trained work force may prove to be one of the greatest enemies of apartheid. The most direct evidence of this is the realization in the South African business community that future profits depend upon South Africa becoming a modern, technological society, and that this cannot be achieved under the economic straitjacket of a political ideology that limits human potential and restricts freedom. There is also the indirect effect of economic growth on social change. Investment creates the growth which both enhances the climate for social change and gives non-white South Africans the economic power which will lead to a greater political voice.

The NPTC views voluntary adherence to the Sullivan Code as the best vehicle for exercising corporate responsibility in South Africa--

providing a context for peaceful change and resources and training needed by black South Africans to help bring about that change. More than 190 companies have accepted a commitment that is unique in the international business environment. Those companies which are signatories of the Sullivan Principles--companies which account for over 80 percent of the employees of all affiliates of U.S. companies in South Africa--have agreed to improve not only the working conditions, skills, and earnings of non-whites, but also to improve the quality of life outside the workplace for workers, their families, and their communities. The achievements in these areas are a matter of record. Well over \$100 million has gone into this effort.

Last December the companies took an important additional step: they pledged publicly to work for the elimination of apartheid. Opposition to apartheid is not new activity. For example, in 1982 the U.S. business community in South Africa broke with its policy of private criticism of apartheid when it organized a petition to the government opposing the Orderly Movement Bill which would have tightened the already onerous restrictions on free movement in South Africa. At their December 1984 meeting, however, the Sullivan companies went even further, making an open-ended commitment to fight apartheid and permitting an independent audit of their efforts. As a result of such commitments, U.S. companies having operations in South Africa have become agents for social change--a fact acknowledged by both non-white South Africans and the government.

These efforts by themselves would be insufficient to produce dramatic improvement, but they have been, and continue to be, the leading edge of a broader movement for change.

This is not to say that progress against apartheid will be irresistible or that nothing further should be done by Congress, only that much of the legislation being considered by Congress probably would be ineffective and could work well against the best intentions of Congress.

We recommend an alternative approach that would include the following elements as apart of U.S. policy towards South Africa:

1. Encourage responsible voices for change in South Africa with financial resources and moral support.
2. Avoid actions which will widen the gulf between the government and non-whites or encourage radical factions on both extremes of the South African spectrum.
3. Encourage universal participation by U.S., South African, and third-country companies in codes respecting human dignity and promoting equal opportunity and social responsibility.
4. Avoid relying on economic sanctions to solve political problems.
5. Conduct a forceful diplomatic effort against apartheid including, for example, the use of U.N. votes when appropriate.

6. Avoid measures which intentionally or unintentionally result in disinvestment.
7. Avoid measures which make U.S. companies legal agents of U.S. foreign policy.

In summary, then, the NPTC finds the racial policies of South Africa incompatible with either the fundamental ethics of American society or the practical business requirements of a free economy. American firms, through adherence to voluntary standards of social responsibility, have been a leading force for peaceful change away from apartheid. They are doing this through direct and public opposition to apartheid as well as by training and employment practices which will result in greater economic and, inevitably, political power. Punitive action will not force the government of South Africa to change any faster. On the contrary, it could retard or reverse the progress being made, and sanctions appear to be contrary to the interests and wishes of many South African blacks. The best policy is to encourage all groups and institutions interested in the elimination of apartheid to work together towards a peaceful solution to that tragedy.

APPENDIX

Submitted by
Rev. Carol L. Somplatsky-Jarman, Director
Interfaith Center on Corporate Responsibility

PRESBYTERIAN CHURCH (U.S.A.)

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FOR IMMEDIATE RELEASE

Press Contact: William C. Winolow
(212) 683-5656

NEW YORK CITY, MAY 20: A coalition of 54 Protestant denominations, Roman Catholic orders, religious organizations and institutions announced here today a national campaign to persuade American business to withdraw from South Africa unless the Government there makes substantial progress by 1986 toward ending apartheid.

In a press conference, the church leaders targeted 12 American companies as "key supporters of apartheid" and asked them to cease immediately all sales and services to the South African Government and Government-owned corporations and to make clear to the authorities there that the dismantling of apartheid is a "necessary precondition" for their remaining in the country.

Coalition spokespersons insisted their goal is "not to encourage U.S. corporations to ameliorate the efforts of apartheid," but to "dismantle that system."

The companies are: Burroughs, Chevron, Citicorp, Control Data, Fluor, Ford, General Electric, General Motors, International Business Machines, Mobil, Newmont Mining and Texaco.

The 12 corporations were singled out for their "support" of the South African Government by provision of products and services used by the police and military, by the size of their assets in the country, by their sales and number of employees, and by the strategic nature of their involvement or financial services rendered.

Coalition leaders said they were prepared to apply a variety of new pressures to persuade the 12 companies to act, including "more extensive acts of public witness," selective buying campaigns and divestment. They also vowed to scrutinize other firms involved in South Africa.

In making the announcement, the Rev. Dr. Arie R. Brouwer, General Secretary of the National Council of the Churches of Christ in the U.S.A., said: "We believe that conditions in South Africa, marked by increased violence against Blacks demanding their basic rights, require a new strategic approach toward U.S. corporations whose presence in South Africa undergirds the South African Government's ability to enforce its policy."

"Times have changed; our patience is wearing thin," asserted the Rev. Dr. Randolph Nugent, General Secretary of the General Board of Global Ministries of the United Methodist Church. "That is why the churches signing this document today have declared that unless the system of apartheid is dismantled, continued U.S. investment cannot be justified and American corporations, led by these dozen, should withdraw."

According to Dr. Audrey C. Smock, world issues secretary with the United Church of Christ's Board for World Ministries, the American firms will be asked to confront the apartheid government with a specific set of demands including full political rights for all, an end to various apartheid laws, the right of all citizens to own property, dismantling of the "homeland" policy

and the release of all political prisoners and detainees.

"We have come to realize that time is running out on the more gradualist approaches we have employed in the past," Dr. Smock conceded. "Massive economic pressure is the only nonviolent strategy remaining which may avert the bloodbath into which South Africa is dangerously degenerating."

Churches were pioneers in the corporate responsibility movement, negotiating with firms and using shareholder actions to persuade American business to work for the social good. Historically, their approach toward companies with operations in South Africa has involved stockholding churches dealing with individual companies. Their goal has been largely to persuade the South African investors to be nondiscriminatory in their own practices in that country, to not sell to the South African Government or military and to urge that companies join them in speaking out against apartheid.

What is different about the new strategy is that it involves a large coalition of churches taking on a group of strategic companies, rather than one at a time. Other changes in approach include the sweeping specific demands the corporations are urged to take to the South African Government, the call for them to leave South Africa if the Government is unresponsive and the intention expressed by the churches to go beyond traditional actions to use public witness, selective buying and divestment.

NOTE TO EDITORS: Attached is the statement and list of signatories.

Office of Communication
 UNITED CHURCH OF CHRIST
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 William C. Winslow, Press Contact

STATEMENT ON AMERICAN CORPORATIONS
 WHICH ARE KEY TO APARTHEID

We, the following Protestant denominations, Roman Catholic orders, dioceses, religious organizations and institutions, working through the Interfaith Center on Corporate Responsibility, have now entered a new phase in our effort to break the bonds of economic oppression that make United States corporations partners in apartheid, the abhorrent policy of racial oppression by the Government of South Africa.

We believe that conditions in South Africa, marked by increased violence against Blacks demanding their basic rights, require a new strategic approach toward U.S. corporations whose presence in South Africa undergirds the South African Government's ability to enforce its policy. We have chosen to concentrate on the following 12 corporations with which we have a history of interaction because they are key investors in apartheid. All support the South African Government either through products and services used by the police and military, by the size of their assets in the country, by their sales and number of employees, and by the strategic nature of their involvement or financial services rendered.

The companies are: Burroughs, Chevron, Citicorp, Control Data, Fluor, Ford, General Electric, General Motors, International Business Machines, Mobil, Newmont Mining and Texaco.

Our new strategic approach will focus special attention on these companies by:

1. Calling upon them to cease immediately all sales and service relationships with the South African Government and Government-owned corporations.

2. Demanding that they make clear to the South African Government that the following changes in Government policies are a necessary precondition for their remaining in South Africa:

- a. Abandon officially the "homelands" policy.
- b. End the various apartheid laws, such as influx control and the Group Areas Act.
- c. Restore full political rights -- such as freedom of speech, freedom of assembly and voting -- to all peoples.
- d. Cease forced removals and population relocations.
- e. Guarantee the right of all people to own land.
- f. Release unconditionally all political prisoners, detainees and those charged with treason.
- g. End the banning of organizations and individuals.
- h. Increase public funding of education, health care, social services, etc. for the Black majority.

We believe that if there has not been significant progress toward achievement of these goals by the end of 1986, these corporations' continued presence in South Africa cannot be justified.

Additional aspects and goals of this new approach will be elaborated in the future.

To affect the targeted corporations' policies, we will press forward with a coordinated campaign utilizing a variety of our traditional approaches such as shareholder resolutions and meetings with corporate leaderships. In addition, we are prepared to take new steps -- such as more extensive acts of public witness, calls for the firms' withdrawal from South Africa, launching of selective buying campaigns and divestment of their securities -- if these companies fail to respond.

Besides these 12 corporations, we will conduct an ongoing review and evaluation of other firms involved in South Africa which may be subject to special attention in the future. When they have been identified, we will issue a new list.

We have agreed that our goal is not to encourage U.S. corporations to ameliorate the efforts of apartheid but to play their part in dismantling that system. We are committed to an ecumenical effort to break up such economic patterns of support and will continue until apartheid is ended.

SIGNATORIES TO THE ICCR PRESS RELEASE

Adrian Dominican Sisters
 African Methodist Episcopal Church
 American Central Province of the Xaverian Brothers, Inc.
 Brothers of the Christian Schools of the St. Louis Province,
 Corporate Responsibility Committee
 Christian Church (Disciples of Christ)
 Christian Methodist Episcopal Church
 Church Women United, Inc.
 Committee on Social Responsibility in Investments of the Episcopal Church
 Commission for Racial Justice, United Church of Christ
 Dominican Sisters (Sparkill, NY)
 Franciscan Sisters of Allegany, Inc.
 General Board of Church and Society, United Methodist Church
 General Board of Global Ministries, United Methodist Church
 Grey Nuns of the Sacred Heart
 Holy Name Province, Franciscans, Corporate Responsibility Committee
 Justice and Peace Office, Maryknoll Fathers and Brothers
 Leadership of Missionary Oblates of Mary Immaculate, Southern U.S. Province
 Marianist Office of Justice and Peace
 Missionary Servants of the Most Blessed Trinity
 Missionary Servants of the Most Holy Trinity
 National Baptist Convention, U.S.A., Inc.
 National Council of Churches of Christ in the U.S.A.
 Priests of the Holy Cross, Southern Province
 Presbyterian Church (U.S.A.)
 National Ministries, American Baptist Churches, U.S.A.
 National Office of the Jesuit Social Ministries
 New York Conference, Board of Trustees, United Methodist Church
 Sisters of the Blessed Sacrament
 Reformed Church in America
 Religious of the Sacred Heart of Mary
 Roman Catholic Archdiocese of Milwaukee
 Sisters of Mercy of Rochester Council
 School Sisters of Notre Dame of St. Louis
 Sisters of Charity of Cincinnati
 Sisters of Charity of Halifax, Nova Scotia
 Sisters of Charity of Mount St. Vincent, NY
 Sisters of Charity of New Jersey, Ethics in Investment Committee
 Sisters of Divine Providence
 Sisters of Notre Dame de Namur
 Sisters of St. Francis of Holy Name Province
 Sisters of St. Francis of Philadelphia
 Sisters of St. Joseph of Brentwood, NY
 Sisters of St. Joseph of Buffalo, NY
 Sisters of St. Ursula of the Blessed Virgin Mary of NY
 Society of Saint Suplice (The Suplicans)
 Spiritans of Western Province
 The Central Administration of the Sisters of St. Joseph of Rochester, NY
 The Ministers and Missionaries Benefit Board of the American Baptist Churches,
 U.S.A.
 The General Council of the Sisters of St. Dominic
 Unitarian Universalist Association
 Unitarian Universalist Service Committee
 United Church Board for World Ministries, United Church of Christ
 Ursuline Sisters of Tildenk

STATEMENT BY DR. ARIE BROUWER,
GENERAL SECRETARY
NATIONAL COUNCIL OF CHURCHES OF CHRIST IN THE U.S.A.
MAY 20, 1985 PRESS CONFERENCE

I am Dr. Arie Brouwer, General Secretary of the National Council of Churches of Christ in the U.S.A. I am pleased to be here today to join in this important announcement by 50 Protestant denominations, Roman Catholic orders and dioceses. Today's announcement is a remarkable ecumenical commitment. These church bodies have agreed to work together in a focused way on a dozen of the most strategic and significant companies in South Africa. These companies are 'key investors in apartheid.' As our announcement states:

We believe that conditions in South Africa, marked by increased violence against blacks demanding their basic rights, require a new strategic approach toward U.S. corporations whose presence in South Africa undergirds the South African government's ability to enforce its policy. We have chosen the following twelve corporations with which we have a history of interaction because they are key investors in apartheid. All support the South African government, either through products or services used by the police and military; the significance of their presence in terms of assets, sales and number of employees; the strategic nature of their involvement; or financial services and lending to South Africa.

For the Christian churches in the United States, South Africa represents a unique and compelling human rights situation. Not only has South Africa enshrined racism in its constitution, laws, and customs, apartheid has received a 'religious blessing' by the Dutch Reformed Church. Thus we have a special obligation in the Western churches to challenge this warped interpretation of Christ's gospel and the inequitable social system which flows from it. We also have a particular obligation to challenge U.S. businesses which act in ways that strengthen apartheid, since our churches own stocks and bonds in these corporations in our pension funds and various endowments. As shareholders, we cannot profit from these companies, comfortably clipping their dividend coupons, without asking from whence those profits come, and calling for an end to corporate support for South Africa's white supremacist system.

For over fifteen years, churches have been involved in petitions and appeals to these companies and others. We will continue this campaign over the long haul. Yet during this fifteen-year period, we have not seen apartheid change, rather we have seen an intensification of repression and an unyielding refusal by that government to share political power with the black majority in the land of their birth.

As signatories to this announcement, what are we asking these dozen companies to do?

- 1) to cease immediately all sales and service relationships with the South African government and its parastatal organizations;
- 2) to make clear to the South African government that the dismantling of apartheid is a necessary precondition for their remaining in South Africa.

If the South African government does not commit itself to ending apartheid and providing full political, social, and economic rights to the black majority, then we call on these companies to lead the march to the exit, and withdraw from the Republic of South Africa.

A growing number of churches, universities, trade unions, state and city pension funds are committed to divest securities in banks and companies that invest in South Africa. This has become a strong, significant, and influential movement in the United States. We have been particularly encouraged by the tremendous surge of action by city and state pension funds, who hold investments of literally tens of billions of dollars. State pension funds such as Massachusetts, Michigan, Connecticut, Iowa, Nebraska, Maryland, have developed South Africa divestment criteria.

Cities including New York City, Philadelphia, Boston, Washington, DC, San Francisco, and Miami are actively divesting from U.S. companies in South Africa. Scores of other cities and states are discussing proposed divestment bills. The issue of divestment in South Africa has become a mainstream political issue, debated in Congress, state legislatures, and city councils. Many church bodies have been actively supporting these legislative efforts regionally and locally. We see our announcement today as an important contribution to the U.S. divestment movement, as we focus on key, strategic companies who act in support of apartheid.

The 'voices for disengagement' are growing in South Africa as well. The United Democratic Front, a vibrant political force in South African life representing over 1.5 million people, recently criticized foreign investors for buttressing the apartheid system. Other black leaders and organizations have echoed that call, including trade unions, student groups, political organizations. Bishop Desmond Tutu, Nobel Peace Prize winner, has repeatedly called, both in the U.S. and in South Africa, for economic pressures on the South African government, and has specifically stated that, if the system of apartheid is not dismantled, then economic sanctions should be applied.

Bishop Tutu has wisely focused our attention on the real issue - the dismantling of apartheid and full human rights for all black South Africans. And if apartheid is not dismantled, he urges us to use a peaceful tool of pressure and go for the economic lifeline to South Africa. The South African government understands this challenge well. They are living comfortably with principles that only change the workplace: they strongly lobby against legislation in the U.S. that would apply economic pressures. They understand where they are vulnerable.

We are heartened by the wide range of signatories to today's action. They include a number of Roman Catholic orders and Protestant denominations and agencies. Four black denominations are signers, as is the Roman Catholic Archdiocese of Milwaukee. Archbishop Rembert Weakland has made a major contribution to the church's witness to economic justice by chairing the Roman Catholic Bishops' Committee on the economics pastoral.

Finally, we wish to make clear to these corporations and others whose actions bolster apartheid, that we expect the voice of the church will be joined by many others in the upcoming months. As long as apartheid is not dismantled, we expect this chorus of voices to grow.

STATEMENT BY RANDOLPH NUGENT

I am Randolph Nugent, General Secretary of the General Board of Global Ministries of the United Methodist Church.

The United Methodist Church has been actively involved in opposition to apartheid for over 25 years. Our policy has identified apartheid as "racism in its crudest form". In our Methodist tradition we have for centuries interpreted Christ's teachings to mandate opposition to racism, whether in the anti-slavery movement or in the movements to achieve full human rights.

Apartheid represents a rejection of the most basic teachings of Jesus Christ. It systematically denies the possibility of reconciliation of persons and the achievement of human dignity. Our Methodist sisters and brothers in South Africa are facing crisis of unimaginable proportion as their members are caught in increasingly violent situations. Just last week 25,000 persons joined a procession to a funeral in a Methodist church for a labor leader who died under suspicious circumstances while being detained by the police.

Since the 1960's United Methodist boards, agencies and individuals have worked to challenge bank loans to and U.S. investment in the white supremacist state of South Africa. In the 1960's we joined with other churches in challenging U.S. bank loans to the South African government and withdrew a \$40 million account from Citibank because of its loans to the South African government.

In the early 1970's our church participated with others in both persuasion and pressure - dialoging with representatives of top management and participating in the first round of church sponsored shareholder resolutions on South Africa. Many of the companies on which we focus today are ones in which we have a decade of history of concern. Then and now we raise with these corporations the concrete, specific ways they act which strengthen apartheid and white minority rule.

For a time we hoped that the actions by U.S. companies in lessening racial discrimination in the workplace would spill over into South African society and assist in a transition toward full rights for people of all races. Unfortunately while U.S. investments grew in the 70's and 80's the basic system of apartheid remained firmly in place. The U.S. investment flourished and built a partnership with the South African government.

- Mobil, Texaco and Chevron sold to the South African police and military and other government agencies.
- Burroughs, IBM and Control Data computers poured into South Africa government agencies helping "computerize apartheid"
- Fluor helped build South Africa's strategic oil from coal plant
- Citibank made a range of public and private sector loans indicating their faith in the future of a white ruled South Africa.

- And Ford, GM, Mobil, Caltex, IBM and Citibank led the charge in Congress consistently lobbying and testifying against new legislation which would have increased pressures on South Africa.

In short these dozen companies have earned a reputation as partners in apartheid, speaking against discrimination with one voice while providing concrete assistance to white supremacy in a regular, daily way. Truly they are investors in apartheid!

Many of these companies targeted today will immediately defend their record by pointing to their reforms in the plant under the Sullivan Principles. Unfortunately that is increasingly a comfortable argument of convenience. They choose to ignore the repeated call of Dr. Leon Sullivan, most recently echoed in a May 7 Philadelphia Inquirer Op Ed piece for "a moratorium on all American economic expansion in South Africa until apartheid is ended officially. Dr. Sullivan continued "There should be no new investments, no new bank loans to the South African government or its agencies, an end to the sale of the krugerrand and a halt to the sale of any equipment, material or services to the military or police, backed up with embargoes, sanctions and other penalties by the U.S. Congress"

Have we seen Mobil, Texaco or Chevron, GM or Ford ending all sales to the South African police and military? Of course not! Dr. Sullivan is as frustrated as we are of the lack of progress in dismantling apartheid. This is why he raised a new deadline in the same article when he wrote "It is my view, therefore, that if apartheid has not in fact, ended legally and actually as a system within the next 24 months, there should be a total U.S. economic embargo against South Africa, including the withdrawal of all U.S. companies, to be followed, I hope, by other nations."

We believe it is hypocritical for U.S. companies to hide behind the Sullivan Principles if they do not also heed his call and ours, that apartheid must end in the near future or U.S. companies should withdraw.

Times have changed, our patience is wearing thin - that is why the churches signing this document today have declared that unless the system of apartheid is dismantled by the end of 1986, continued U.S. investment cannot be justified and U.S. corporations, led by these dozen, should withdraw.

Not only is this time for new demands upon the business sector it is also a time for the churches to reassess our corporate responsibility strategies. For over a decade we have petitioned and appealed, attended stockholder meetings and urged companies to take reasonable steps. The impact on apartheid has been minimal.

Now the time has come for U.S. business to publicly declare to the South African government that their patience too has worn thin, and that the clock is ticking on their continued presence in South Africa and that they will withdraw unless apartheid is dismantled.

Similarly the time has come for U.S. churches to utilize new approaches. It is time for us to support the growing divestment movement among city and state pension funds, with universities and foundations. Literally tens of billions of dollars of invested wealth now have social criteria on South Africa built into their investment decisions. And the impact is being felt in corporate boardrooms!

Our Board has decided that if the response of these dozen companies to this most reasonable request is NO then we shall divest securities in these companies, shall not buy their stock in the future and shall urge throughout our church the divestment of stock owned in these corporate partners in apartheid.

In coming to this announcement today we have carefully evaluated the role of these dozen companies in South Africa, have meticulously monitored the situation inside South Africa and the lack of fundamental progress there and have studiously listened to the voices of black leadership in South Africa. We have heard the criticism of foreign investment by the United Democratic Front, the black trade unions and Nobel Prize winner Bishop Tutu. As you know Bishop Tutu himself has urged that apartheid be dismantled or foreign investors withdraw.

We pledge today to take that message into our churches and into the corporate boardrooms, into state legislatures and city councils, into our own board of pensions and this country's colleges and universities. No longer can we sit comfortably by while U.S. business strengthens apartheid in South Africa and protects its interests in the U.S.

I am proud that our church is taking a leadership role in this new phase of our ecumenical South Africa work. John Wesley's 44th sermon on money admonishes the churches and the corporations:

"...we ought not to gain money at the expense of life..."

"Other businesses there are which, however innocent in themselves, cannot be followed with innocence now;...such, for instance, as will not afford a competent maintenance without cheating or lying, or conformity to some custom which is not consistent with a good conscience: these, likewise, are sacredly to be avoided, whatever gain they may be attended with, provided we follow the custom of the trade, for to gain money, we must not lose our souls."

5/20/85

STATEMENT BY AUDREY C. SMOCK, CHAIRPERSON
INTERFAITH CENTER ON CORPORATE RESPONSIBILITY

Today marks the beginning of a new phase in the efforts of 54 Protestant denominations, Roman Catholic orders, religious organizations, and institutions to end the collaboration of United States corporations operating in South Africa with the apartheid system. We have taken the unprecedented step of launching a collective campaign against twelve companies for a variety of reasons.

Research conducted in recent years has made us increasingly aware of the extent to which direct foreign investment in South Africa has strengthened immeasurably the economic base upon which the apartheid rests. The twelve corporations named today have played a major role in making available the advanced technology, services, and resources vital to the modernization, increasing effectiveness, and maintenance of apartheid. Chevron, Ford, General Motors, Mobil, and Texaco provide products and services to the police and military. Burroughs, Chevron, Ford, General Electric, General Motors, International Business Machines, Mobil, Newmont Mining, and Texaco are among the largest foreign investors in South Africa as measured by the size of their assets in the country, their sales, and/or the number of employees. Burroughs, Control Data, and International Business Machines have furnished the computers and electronic equipment upon which many government departments, research facilities, and nuclear installations depend. Fluor, Chevron, Mobil, and Texaco dominate the strategic energy sector. Newmont Mining is in the front rank of the vital mining industry on which South Africa depends for most of its foreign exchange. Citicorp, through its banking system and branch offices in South Africa, furnishes essential financial assistance and directly helps undergird government bonds and government corporation debentures. Moreover, foreign corporations identified as "national key points" are required to maintain white militias on their premises and, in the event of unrest or an emergency, to turn their facilities over to the South African government. We have reason to believe that most of the twelve companies have been or will be so designated and will be increasingly involved in governmental efforts to suppress demands for political change.

It is true that many of these twelve corporations have admirable work place conditions and have made worthwhile educational and charitable contributions in South Africa. Such measures, however, cannot compensate for the major structural support and assistance these corporations either inadvertently or advertently have rendered to the apartheid system. We believe that it is inconsistent for these companies to claim that they are socially responsible because they engage in efforts to make their workers' chains a bit more comfortable while at the same time the corporations continue to strengthen the very system which incarcerates all blacks in South Africa.

As the violence and repression of the South African government have escalated, we have come to realize that time is running out on the more gradualist strategies which the religiously based corporate social responsibility movement has employed during the past fifteen years. More and more, time and time again we are hearing the voices of the South African church leaders with whom we are in partnership telling us that massive economic pressure is the only nonviolent strategy remaining which may avert the bloodbath into which South Africa is degenerating. We appreciate that they are calling for our assistance at the risk of extended imprisonment. As people of faith those individual organizations have pledged to stand in solidarity with our brothers and sisters in South Africa in their struggle for justice and freedom, we have come here today to announce that we are heeding that call.

We therefore appeal to United States corporations operating in South Africa, particularly these twelve, to make amends for their contributions to the apartheid system by announcing publicly that their continued presence in South Africa is contingent on immediate structural changes in the apartheid system. And we would like to extend an invitation both to the members of our religious organizations and to other supporters of the free South Africa movement to join us and let these twelve companies know that the American people value freedom, justice, and decency above economic projects made at the expense of strengthening apartheid oppression.

STATEMENT BY REV. DANIEL P. DRISCOLL, M.M.

Statement by Rev. Daniel P. Driscoll, M.M., at a Press Conference in New York City on Monday, May 20, 1985, opening a special campaign with regard to South Africa, being sponsored by ICCR.

The Campaign of Intensive Focus

We Maryknoll Missioners are U.S. Catholic missionaries who work among the poor and the oppressed of Asia, Africa, and Latin America. With nearly 100 priests, brothers, and lay missionaries in Africa, we know well what a scandal apartheid is to the entire continent.

Furthermore, as members of the Catholic Church, we stand here this morning expressing a belief that is central to our faith as Catholics -- that is, that any discrimination against people because of race or color is a sin that offends God directly.

Our leader, Pope John Paul II reiterated this basic Catholic belief one week ago today, when he visited the World Court in The Hague. The Pope said "No form of discrimination, in law or in fact, on the basis of race, origin, color, culture, sex, or religion can ever be acceptable. Hence, no system of apartheid, or separate development, will ever be acceptable as a model for relations between peoples or races."

We also take our stand today in unity with seventeen U.S. Catholic bishops who on November 15 of last year expressed in a statement:

"We therefore call on all Catholics, sister and brother Christians of other denominations, and on all who love peace and justice, to join with us today in condemning apartheid as heartily as we condemn all other forms of racism or ethnically based discrimination.

But we must do more. We must also act out our commitment in deeds of concrete action. Therefore do we echo today the call of our brother, Bishop Desmond Tutu, calling for our government, our churches, and our people to use any and every peaceful means available to bring pressure on the South African government to end this evil system."

While we glory in our oneness and in our solidarity with Pope John Paul II and our own U.S. Catholic bishops, that is not the deepest motivation that brings us here this morning. St. Paul says, "Just as a human body, though it is made up of many parts, is a single unit because all these parts, though many, make one body, so it is with Christ." (1 Cor. 12:12)

And so it is today that the Justice and Peace Office of the Maryknoll Fathers and Brothers joins this campaign because our sisters and brothers of the Catholic Church of South Africa have suffered the repression either for being black themselves, or for fulfilling the Gospel mandate of standing with the poor and oppressed. We speak of our sister and

brother Zodwa and Peter Mabaso, leaders of a family counseling service; our brother Smanqaliso Mkhathshwa, general secretary of the Southern African Catholic Bishops' Conference, who was detained for four months at the end of 1983 and the beginning of 1984; we speak of Sister Bernard Macube, who was arrested and strip-searched in 1983, and we speak of Bishop Denis Hurley, who was charged with treason and brought before a tribunal before the false charges were finally dropped earlier this year.

Obviously no one of these people in the Church of South Africa told us to take the action we take here today. They struggle in their reality of South Africa. In solidarity with them we choose to struggle in this campaign which begins this morning. But our oneness with them and with all of the more than three million blacks, who have been forcibly removed from their homes and dumped into barren parcels of land, is what moves us to action.

The concern of the Catholic Church throughout the world for family life is evident to all, and therefore this policy of forcing people to live -- by law -- in segregated urban ghettos and rural bantustans is particularly repugnant to Catholics around the world, because it forces a division of families who have no desire to split at a moment in history when family life is in crisis. This forced break-up of families is particularly insidious.

Since 1980 the Justice and Peace Office of the Maryknoll Fathers and Brothers, as a member of the Interfaith Center on Corporate Responsibility, has spoken to a number of U.S. corporations on shareholder issues regarding South Africa, particularly on sales to the police and military. Our participation in this campaign is a continuation of our commitment to pursue this issue until justice is done. In doing this we are fulfilling the Mandate of our Eighth General Chapter, the policy-setting body of our Maryknoll community, which stated:

"Our option is for the poor and we are advocates for their cause even when we work among the powerful and influential. Our solidarity is with the poor who call everyone to conversion and commitment to the Gospel demands of justice.

The lives of men and women are heavily influenced by the social, economic and political structures of society, some of which are hostile to the Reign of God. We consider it particularly important today to devote ourselves, together with the people we serve, to transform these structures for the benefit of integral human development."

THE MOTOR INDUSTRY IN SOUTH AFRICA

The South African motor industry -- dominated today by foreign-owned giants such as Ford, General Motors, Toyota, Nissan, Volkswagon and Mercedes-Benz -- was the vehicle chosen by Pretoria for achieving its significant post-war industrial growth. Through a "local content" program initiated in the early 1960s, the government used high tariffs to pressure motor vehicle manufacturers to use increasing amounts of locally-produced components in their operations. With South African-produced steel, rubber, machinery, electrical, glass and petroleum products, the motor industry became a major bulwark of the racially segregated economy. The white minority population thrived, enjoying one of the highest rates of vehicle ownership of any industrialized country in the world. And the government, its state-owned agencies, the police and the military benefitted as the auto industry fit snugly into Pretoria's plans to achieve economic and military self-sufficiency.

U.S. and other foreign auto makers flourished under the government's program. The industry grew at a rate of 8 percent in the 1960s, with the five largest companies earning a reported return on equity of 36.2 percent annually between 1960 and 1969. The industry's contribution to the gross domestic product grew at an annual rate of 10.3 percent from 1967 to 1975, compared to 5.1 percent annual rate for the manufacturing sector. The real growth rate in gross domestic product was 4.6 percent per year.

Like all manufacturing sectors in South Africa, the auto industry yielded disproportionate benefits for the 18 percent of the white minority population that is in firm control of the country's wealth. According to the South African government's own figures, whites own 67 percent of all licensed motor vehicles more than one vehicle for every two white South Africans. And although ownership among blacks has almost doubled since 1970, only one out of every 30 blacks can claim ownership to some kind of motor vehicle.

Foreign-owned auto makers such as Ford -- which opened the first assembly plant in South Africa in 1924, followed by GM two years later -- cashed in on Pretoria's strategy. Ford and GM greatly expanded their productive capacities in South Africa after World War II and eventually began exporting South African made parts to Europe, the U.S. and other areas of southern Africa. Their substantial shares in the South African market protected them from the recession of the mid-1970s, and both companies announced plans in the late 1970s to expand their South African operations. By 1977, Ford was in first place in market share and GM in fifth among 10 major motor vehicle manufacturers.

The companies' combined assets in South Africa totalled an estimated \$385 million and both firms would have ranked among the top 25 companies on the Johannesburg stock exchange.

At the same time, both companies disclosed that the South African police and army were among their customers. Before 1978, GM's sales to the military averaged 1,500 units a year and Ford said that between 1973 and 1977 it sold more than 750 cars and 2,100 trucks to the police and military.

Despite export regulations issued in 1978 by the U.S. Commerce Department that were designed to halt the sale of motor vehicles and component parts to the South African police and military, both GM and Ford have found ways to circumvent the rules legally. Products that are not of U.S. origin or in which U.S.-origin components account for less than 20 percent of the value are not subject to the regulations. Consequently, almost all Ford's South African products were exempt from the restrictions because the company's South African subsidiary was wholly owned by Ford's Canadian subsidiary. Ford's newly formed partnership with an Anglo-American affiliate will continue to be exempt. GM products manufactured in South Africa containing 80 percent or more locally produced components also are exempt from the restrictions.

As of 1985, Ford said that it had sales to the South African police and military averaging less than one percent of its total. Sales to all government agencies accounted for about 5 percent. The South African police and military purchased about 2 percent of GM's South African subsidiary's products as of 1983. In addition, parts for vehicles GM sold to the police and military intentionally came from GM's United Kingdom operations. Thus GM was able to claim they were not technically in legal violation of the embargo even though churches said they violated the embargo's spirit.

In 1977, shareholders also learned the extent to which Ford and GM may be required to cooperate with the government. A confidential memo sent that year from GM's South African managing director to the company's regional director for Africa revealed that during a national emergency, Pretoria had the power to declare the auto maker a "national key point" that would be protected by a local, all-white "commando unit." GM and Ford have since told church shareholders that the government has notified them that they are not "key points," and they are not required to strengthen their security systems. GM stated in a January 1984 letter to ICCR: "In March 1982 GMSA was officially notified that its facilities were not considered to be National Key Points." This may be a case of semantics. The earlier GM memo indicated that during a national emergency the government

had the power to declare certain industries "Key Points" and take over a plant or secure it with military personnel. While GM has stated they will resist any such takeover through legal means, it is within the white minority government's officially authorized power to make such a move whenever it needs or desires.

Under other laws Pretoria's cabinet ministers also have the power to compel companies to provide any government agency with products and services necessary for the security of the country. The notification can be public or private and, if notified by private letter, a company may not disclose any information about the order without permission from the cabinet head in charge of the directive. Also, according to Ford statements auto makers could lose all their business with the government if they refuse to sell to the police and military. Under South Africa's procurement rules, companies submit bids to a central purchasing agency without knowing which government departments are the prospective purchasers in any particular instance. Companies that refuse to sell to certain departments could be cut out of the government bidding process altogether, Ford representatives argue (5% of Ford's sales).

The South African auto industry's fortunes have turned in recent years. High fuel prices, the worst recession in the country's post-war history and an overcrowded market have taken their toll. Ford, now the second largest auto maker in the country, announced in January that it is merging its operations with the third largest producer, a subsidiary of the huge Anglo American Corporation, in an effort to stem both companies' losses. Ford now owns approximately 40% of the merged company but has not repatriated any capital to the U.S. It has been rumored for months that GM, now the seventh largest producer, has been discussing a similar move with one of South Africa's huge insurance houses.

The industry's bad times are having a devastating impact on black labor in the Port Elizabeth area where the auto companies have been concentrated. More than 11,000 workers have been laid off in the last three years. The Ford merger is expected to lead to another 2,000 job losses. With inflation running at 20 percent, unrest has become endemic in black townships surrounding Port Elizabeth.

As employers who have publicly stated their dedication to progressive labor practices, Ford and GM have little power during hard times to help the black majority population. Their business decisions hit the black population the hardest. And even in the best of times, the companies are restricted by South African law from offering their workers such basic rights as housing near their jobs, financial aid for integrated schools and health benefits for integrated medical care.

But it is the auto makers' relationship to the police and military that inflicts the greatest injury on blacks. South African police in unmarked cars and vans routinely arrest blacks at random because they may not carry proper papers. Recent affidavits taken from blacks in the Port Elizabeth area provide ample evidence that police ride through black townships indiscriminately shooting at men, women and children in their efforts to still the voices of protest. As long as Ford and GM operate under the apartheid government's laws, they will only cause further harm to the majority of South Africans.

FORD MOTOR CO.

Year operations in South Africa began: 1924

<u>Number of employees:</u>	White	1,970	
	African	1,883	
	Asian/Colored	2,820	
	Total	6,673	(as of 1983)

(Ford, the largest U.S. employer in South Africa and the second largest auto manufacturer there, is in the process of merging its operations with the country's third largest producer of cars, a subsidiary of the huge conglomerate, Anglo American Corp. Although the final workforce after the merger will total about 7,000, the move is expected to lead to 2,000 job losses.)

Total assets: \$230 million

Total sales: \$530 million

Number of subsidiaries/affiliates: 1

Name of major subsidiary: South Africa Motor Corp. (SAMANCOR)
[formerly Ford Motor Co. of SA
(Pty.) Ltd.]

Description of operations: Ford manufactures and distributes in South Africa cars, trucks and tractors built to civilian commercial specifications. As a result of the merger with Anglo-American, one of Ford's two assembly plants will shut down; an additional engine assembly plant may be expanded. Ford, which held 88.4% of the equity in Ford Motor Co. of SA, will own 40% of SAMANCOR. Ford's capital investment will remain the same. In 1984, the company estimated that it sold 1% of its products to the South African police and military and 5% of its goods to all government agencies.

Strategic nature: As a supplier of vehicles to the police and military and to South

African government agencies, Ford assists the government in controlling the black majority population.

Commercial cars and vans are used by police to make pass law arrests, to maintain surveillance of black political meetings and to patrol black townships. Trucks are used by the government to transport unwanted blacks to remote, impoverished regions and to control the labor mobility of urban blacks.

Auto companies operating in South Africa have little control over which government agencies use their products. Companies bid on government contracts through a central purchasing agency and sometimes do not know which government departments use their products until after contracts are awarded. Also under South African law, companies can be ordered by the government through private notifications to supply their goods to the police and military.

History of institutional shareholder action:

<u>Year</u>	<u>Description of resolution submitted to company</u>
1977	Withdrawal from South Africa
1979	Sales to South African Government
1980	No sales to the military or police (withdrawn)
1981	Operations in South Africa

Company's position:

Ford is one of industry's most active lobbyist against divestment and is a member of a corporate committee organized to oppose divestment at the state and local level. William Broderick, Ford's director of international governmental affairs, was described by the Washington Post in December as "the corporate general" in the battle against divestment.

Broderick told the Post, "It's not exactly a motherhood issue ... But we're totally convinced that nothing good will come to black South Africa if we all get out."

Ford opposes shareholder calls for it to end sales to the police and military, partially on the grounds that its sales practices in South Africa do not violate U.S. laws nor run counter to U.S. policy.

"Management continues to believe that direct confrontation will do less to aid the cause of racial equality and improved conditions in South Africa than will vigorous and systematic implementation of the (Sullivan Principles) ... It believes that its present policies are producing tangible benefits for black South Africans," Ford said in its 1985 proxy statement.

One Ford director, Clifton R. Wharton, Jr., a chancellor of the State University of New York, voted for the resolutions in 1979 and in 1985 changed this position and has called on U.S. companies to pull out of South Africa.

Church Position:

In response to numerous Church shareholder resolutions Ford has reported regularly on its South African operations and meets periodically with Church representatives. However, Ford has:

- refused to stop all vehicle sales to the police and military even when a Ford Director, Clifton Wharton supported this request.

- refused to make a pledge of a moratorium on further expansion in South Africa while apartheid continues.

- refused to withdraw from South Africa.

GENERAL MOTORS CORP.

Year operations in South Africa began: 1926

<u>Number of employee:</u>	White	1,730
	African	1,026
	<u>Asian/Colored</u>	<u>2,193</u>
	Total	4,949

(According to the South African press, GM announced in January that it was laying off 320 employees--in addition to the 129 workers laid off last year--because of a severe recession in the overcrowded South African auto industry. The company began a four-day work week late last year, stopped production for two weeks, and gave workers a 7- 1/2- week vacation this year.)

Total assets: \$140 million

Total sales: \$320 million

Number of subsidiaries/affiliates: 2

Name of major subsidiary: General Motors South Africa (Pty.) Ltd. (GMSA)

Description of operations GMSA manufactures, assembles and distributes automotive components, passenger vehicles and commercial vehicles ranging from small pick-up trucks to heavy-duty tractor trailers. The company also assembles locomotives from parts made both in South Africa and imported from GM operations in Canada. As of 1983, GMSA was the 7th largest auto company in South Africa among 11 car manufacturers and 17 truck manufacturers; 2% of its sales were to the South African police and military.

In 1983 General Motors announced it had stopped sales of heavy trucks to the police and military. The

company said this year that vehicles sold to the police and military were for "general purpose use" and were not intended or equipped by GMSA for military application.

Strategic nature:

As a supplier of vehicles to the police and military and to South African government agencies, GMSA assists the government in controlling the black majority population.

Commercial cars and vans are used by police to make pass law arrests, maintain surveillance of black political meetings and patrol black townships. Trucks and trains are used by the government to ship unwanted blacks to remote, impoverished regions and to control the mobility of urban blacks.

Auto companies operating in South Africa have little control over which government agencies use their products. Companies bid on government contracts through a central purchasing agency and sometimes do not know which government departments use their products until after contracts are awarded. Also under South African law, companies can be ordered by the government through private notifications to supply their goods to the police and military.

History of institutional shareholder action:

<u>Year</u>	<u>Description of resolution submitted to company</u>
1977	Withdrawal from South Africa
1979	Sales to South African Government
1980	No sales to the military or police
1981	Operations in South Africa
1984	No sales to the military or police

Company's position:

GM said in its 1985 proxy statement that it believes that discontinuing sales to the South African police and military "would seriously jeopardize and could possibly result in the termination of General Motors' operations in South

Africa." The company also said it believes that "measures such as divestment and disinvestment whose effect would be both to retard the realization of a growing industrial society and to reduce the economic and political leverage of the non-white peoples of South Africa are significant obstructions to dismantling the apartheid system." The company said it will continue to work privately and publicly to press for peaceful change in South Africa "and to pursue all constructive alternatives which have any reasonable prospect for redressing that country's racial policies."

Church Position:

In response to numerous church shareholder resolutions, General Motors stopped heavy truck sales in 1983 to the military when the company discontinued manufacturing that line in South Africa, agreed to meet regularly with church representatives; published annual reports on its South African operations.

However General Motors:

- has refused to stop all vehicle sales to the police and military
- has refused to withdraw from South Africa
- is one of the most active lobbyists in Washington on South Africa legislation regularly to testifying against bills designed to pressure South Africa.

In addition, church critics believe that General Motors circumvents the spirit of the U.S. embargo against sales to the South African police and military by providing component parts from its United Kingdom plants for vehicles sold to the police and military. (The U.S. embargo only deals with a prohibition of U.S. components being included in such sales.)

U.S. BANKS and SOUTH AFRICA

U.S. banks historically have been important to the white minority government of South Africa and its control of the black majority population. While only three American banks--Citicorp and Chase Manhattan, both headquartered in New York, and North Carolina-based NCNB--have offices in South Africa, nearly one quarter of the nation's 100 largest banks had outstanding loans to South Africa totalling more than \$4.5 billion as of June 1984. That was more than twice the level of total U.S. loans to South Africa six years ago, according to the U.S. Federal Reserve Board.

It is difficult to lend money to South Africa that does not enhance the government's ability to maintain a racially segregated society. Loans to South Africa fund everything from the government-owned Iron and Steel Corporation (ISCOR), which supplies the country's domestic armaments industry, to racially segregated housing projects and industrial development projects that are designed to keep blacks in rural areas and control black migration to cities where wages and living conditions are better.

South Africa's need for infusions of foreign capital has grown steadily in the 1980s. With the decline of the international gold price, a regional drought, the high costs of maintaining segregated housing, education, health services and governments for apartheid's four "population groups" and the high price of an OPEC oil embargo against the country, the South African economy has slid into its worst recession since World War II. Pretoria's foreign borrowing needs have escalated from \$856 million in 1981 to about \$4.7 billion in 1984, according to Foreign Investment in South Africa, a study of U.S. lending to South Africa and North American and British companies operating in that country published earlier this year by the Washington-based Investor Responsibility Research Center (IRRC). Not only does the central government borrow foreign funds, but so do several of its state-owned corporations: the agencies that control the country's electric utility system; run the nation's railways, harbors and airports; operate the national airlines; finance the state oil fund to develop what is now considered to be probably the world's largest oil stockpile (as insurance in case an effective international embargo against South Africa is enforced); develop Pretoria's nuclear energy and uranium enrichment programs; operate the national housing programs; explore and develop natural resources such as coal and offshore oil and gas reserves; and operate the country's huge synthetic fuels program. As of March 1984, the state-owned corporations owed \$6.6 billion to foreign lenders, according to the South African press.

Patterns in lending to South Africa during the last six years show that the flow of U.S. credit to the country has shifted significantly--lending to the private sector and South African banks rose sharply, while lending to the public sector fell to almost half the 1978 level, from \$794 million to \$353.1 million in 1984 according to the Federal Reserve Board. At the same time, lending from American banks to South African banks rose six-fold, from \$539 million in 1978 to \$3.8 billion in 1984. U.S. lending to private South African corporations increased more than 15 percent during the same period, from \$914 million in 1978 to \$1.1 billion in 1984.

It is difficult to trace lending to private South African borrowers and even more difficult to determine if those funds are being used to strengthen apartheid. While South African banks sometimes seek loans to finance trade transactions, other private loans may be used for unspecified "development projects," as one Citicorp official recently told church shareholders. "Development projects" in South Africa often must operate under the country's plans to maintain segregated housing, education and health care. Or, as trade press reports indicate, they may be part of the \$900 million needed from the private sector to help finance Pretoria's latest push to develop offshore natural gas reserves to help make the country energy independent and safe from the pressures of an international oil embargo.

But, more importantly, it appears to church officials that the rise in private sector lending is little more than a back door for the banks to lend to the South African Government. The concern is that money is "fungible". In other words, money can not be directly traced, but the larger the pool of money, the more capital is available for lending purposes.

In a recent interview with The New York Times on bank lending to South Africa, Harry Taylor, president of Manufacturers Hanover, said: "Can the money be on-lent to the public sector? Of course, money is fungible. If you lend money to a bank, even though you may know the purpose of the funds, you're freeing resources that can be lent elsewhere." This same issue was raised by Gerald Miller, former chairman of Nedbank during a recent visit with church shareholders. According to Miller, there were two reasons for the radical increase in U.S. lending to South African Banks. The first was the low cost of funds, because of the low prime interest rate of U.S. banks. The second was that South African banks were so heavily involved in new lending to government projects and the U.S. bank lending freed up funds for their South African partners to continue. Even their trade related loans go into this pool of funds.

In a recent meeting with church shareholders, officials of one

major U.S. bank pointed out the difficulty in monitoring trade related lending. The original line of credit could be for 180 days. The trade financing itself might require only 90 days. For the remaining time, the money is free for other uses. At the end of the 180 day period the loan is reviewed. According to the bank, it is very difficult to distinguish this form of lending from a long term loan.

According to IRRC's survey of the 100 largest U.S. banks, at least 17 of the 23 banks that disclosed they had loans outstanding to South Africa said they have made loans to South African banks; 7 said they have loans outstanding to private South African corporations. Another 32 banks declined to provide any information and 45 banks said they have no loans outstanding to the country.

Banks such as Citicorp, Chase Manhattan and NCNB that operate in South Africa contribute further to the apartheid system. Under the country's laws, according to IRRC, banks with deposits in the country must invest an amount (equal to 13 percent of its long-term liabilities in the securities of government agencies, such as the state-owned electric utility system or the regional agencies that govern blacks on a local level. Banks that accept deposits in the country also are required by law to hold liquid assets equal to a minimum amount dictated by the government. Citibank is the only American bank in this category. Consequently, banks with deposits in South Africa have no choice but to help strengthen the apartheid system.

U.S. bank lending to South Africa is key for South Africa's minority government to continue its control over the black majority. While many U.S. banks have developed policies preventing loans to the South African government and its agencies, the government appears to be getting money from other sources. Bank to bank lending and trade financing are the two ways this occurs, and because of the fungibility, many continue to be an important source of money for South Africa.

CITICORP

Year operations in South Africa began: 1958

<u>Number of employees:</u>	White	143
	African	33
	Asian/Colored	44
	Total	220

(Citicorp has a small minority interest in Diners Club SA (Pty.) Ltd., which has 91 employees. No racial breakdown was available for Diners Club employment.)

Total assets: \$2 million (as reported by Citibank to Investor Responsibility Research Center in Foreign Investments in South Africa)

Number of subsidiaries/affiliates: 2

Name of major subsidiary: Citibank N.A. Ltd.

Description of operations: Citicorp is one of only three U.S. banks with offices in South Africa and the only U.S. bank that accepts deposits in that country. Citibank N.A.'s head office is in Johannesburg, with branch offices in Cape Town and Durban. In contrast to other U.S. banks (many of whom are scaling back their ties to South Africa), Citibank recently announced that it has expanded its operations in that country by opening a telecommunications link to a new branch in Port Elizabeth.

In recent years, Citibank has participated in long-term loans to three South African financial institutions, loaning a total of \$39 million as part of a larger syndicated loan package in which other banks participated. Citicorp recently announced that it was eliminating from its books all outstanding loans to the South African public sector as of March 31, 1985. The bank's most recent

loan to the government was a \$50 million share of a \$200 million syndicated loan made in 1980 to Pretoria for black housing, education and health care facilities.

Strategic nature:

As a bank that accepts deposits in South Africa, Citibank is required by South African law to invest an amount equal to 13 percent of its long-term liabilities in the securities of government agencies, such as the state-owned electric utility system or the regional agencies that govern blacks on a local level. The bank also is required to hold liquid assets equal to a minimum amount dictated by the government. In recent correspondence with shareholders, Citibank confirmed that it has invested in ESCOM (Electric Supply Commission) debentures and Republic of South Africa Stock. As a purchaser of the South African government debt, Citibank acts in a way that contradicts their intention to stop lending to the government.

As a lender to private financial institutions in South Africa, Citibank also may be indirectly involved in development projects designed to maintain the country's segregated society. Citibank says its loans to South African banks contain clauses stating that the South African bank in turn will only lend the funds to private sector customers. However, a Citibank official told church representatives that much of the private lending is being used to finance "development projects." That term can apply to a wide array of functions ranging from private sector exploration of oil and gas reserves to industrial

development in the so-called "homelands," where the government is encouraging industry to locate in an effort to control black urbanization.

History of institutional shareholder action:

<u>Year</u>	<u>Description of resolution submitted to company</u>
1977	No loans to South Africa
1979	No loans to South Africa
1980	Withdrawal from South Africa
1981	No loans to South Africa
1982	No loans to South Africa
1983	No loans to South Africa
1984	Report on loans to South Africa

Company position:

Under pressure from the New York City government, Citibank announced in February that it was liquidating its outstanding loans to the South African government as of March 31, 1985 and "anticipated" no further loans to the public sector "in the foreseeable future." However, Citibank's senior vice president responsible for Northern Europe and South Africa later told a South African newspaper that the decision was erroneously reported as a major policy decision to cease lending to the South African government. "Since the South American experience, most United States banks have decided not to lend to governments. This decision is not aimed specifically at the South African government, but at all governments," Gordon Phelps told the Sunday Business Times. "What has happened is that all loans by Citibank to the South African government run out on 30 March this year and no further loans will be made. Lending to governments is not a profitable area for us as the margins are extremely small."

Church Position

Because of its crucial role in supporting apartheid, U.S. churches have withdrawn \$100 million in

accounts from Citibank. Harvard University also sold \$51 million in Citibank securities in protest against Citibank's involvement in the 1980 loan to the South African government.

Citibank has been active in the Sullivan Principles program in South Africa, but in the United States it has been one of the leading lobbyists at the federal, state and city level opposing increased economic pressure on South Africa. Whenever the House or Senate has held hearings on the role of banks and companies in South Africa in the last decade, Citibank testified and argued against additional pressures.

Church shareholders are concerned about Citibank's recently announced position on lending to the South African government. In spite of the fact that it was described in the press as a new "policy," Citibank officials have made it clear in meetings with church shareholders it is not a new policy. The bank describes it as an "evolution" of its loan posture.

An additional concern is Citibank's lending to South African banks. While there has been a decrease in U.S. bank lending to the South African government in recent years, loans to South African private banks, have skyrocketed. Several U.S. banks have stopped general purpose loans to private banks, eg. Wells Fargo and First National of Boston. Gerald Muller, former Chairman of South Africa's Nedbank explained in an April 1985 discussion with church representatives that U.S. bank lending to South African banks had escalated so considerably since the U.S. prime rate was comparatively

low and because South African banks were so heavily involved in new lending to government projects. Thus, Citibank loans to private banks may act as a conduit for funding South African government projects. .

In addition, Citibank is the only U.S. bank that maintains a full-scale commercial banking operation in South Africa. Because of this Citibank must invest an amount equal to 13 percent of its long-term liabilities in securities of government agencies. Therefore Citibank acts in a way which contradicts the bank's intention to stop lending to the South African government. Concerning this Citibank has stated that "As long as we conduct a commercial banking business in the country, this form of legally mandated reserves will be held.

In addition, in response to a question at the 1985 Citibank shareholders meeting, John R. Reed stated that Citibank's operations in South Africa had been discussed extensively by the Board of Directors and their decision was to continue their involvement in South Africa.

THE MINING INDUSTRY IN SOUTH AFRICA

Mining is the backbone of the South African economy. Blessed with the world's largest known reserves of gold, platinum, chromium, manganese and vanadium and rich in deposits of other minerals such as diamonds, coal, phosphate and uranium, South Africa has produced legendary riches for white entrepreneurs who developed their prospecting ventures into worldwide industrial conglomerates. The country's mineral wealth also has been good to the apartheid government. In 1981, mineral sales earned two-thirds of the country's total foreign revenues and constituted 17 percent of its gross domestic product. But the country's vast resources have not even brought basic freedoms--the right to vote, the freedom to live, work and travel where they choose, the right to decent education and health care--for the millions of black South Africans who have gone deep into the surface of the earth to dig out the country's riches.

The U.S. stake in South Africa's mining empires has been growing steadily during the last two decades of apartheid rule. Direct U.S. investment in South African mining doubled from 1968 to 1973 to more than \$138 million. At least six American corporations currently have mining operations in the country--International Minerals and Chemicals Corporation (IMC), Newmont Mining Corporation, Phelps Dodge Corporation, Standard Oil Company (Ohio), Union Carbide Corporation and United States Steel Corporation. Four of those firms mine strategic minerals: IMC and Union Carbide own chrome mines; Newmont and Union Carbide are involved in vanadium mining; and a U.S. Steel affiliate mines manganese. Another two dozen U.S. companies operate mining-related businesses in South Africa, but indirect U.S. investment in South Africa's mines dwarfs America's direct investments. According to a Johannesburg investment firm, at the end of 1983 American investors owned more than \$7 billion worth of South African mining shares, or 17.6 percent of total ownership of South African mining stock and more than half of all foreign-held shares.

South Africa's white elite population and the coffers of Pretoria have been handsomely endowed by the mining industry. In addition to reaping rich harvests in export revenues--more than \$6 billion in 1983--the mining companies help defray the costs of apartheid with their taxes, duties and lease payments to the government. In 1983, according to the government's central statistics office, the mining industry's taxes, leases and duties provided 11 percent of all domestic revenues. And, as with every other industry sector in South Africa, mining yielded disproportionate benefits for its white employees. According to the government's 1983 figures, although 11 percent of the 707,000 mining and quarrying employees were white, they earned 40

homelands. Whether they blast rock deep in a chrome mine or run a boiler in a hot ferrochrome plant, they work each day in the Republic of South Africa-- where the government and corporations are made much richer by their labor--then ride buses home each evening to barren little territories created by Pretoria. In the eyes of South Africa's apartheid government, these are the only homes they have. Although IMC and Union Carbide have helped provide decent housing for African employees living in the homelands, they are powerless to provide them with housing for their families wherever the workers choose--unless the companies dare to break Pretoria's laws.

The apartheid laws greet U.S. mining companies at every turn, no matter how well-meaning their intentions may be. For instance, in 1984 the largest black mineworkers union, the National Union of Mineworkers, won the support of a majority of workers to hold a union election at Union Carbide's vanadium operation. But since it is located in Bophuthatswana, one of the so-called "independent" homelands, the vanadium plant is subject to the homeland's laws. A recently passed Bophuthatswana statute now bars any South Africa-based unions from operating in the territory-- even though the homeland is entirely encompassed by South Africa, much of its budget comes from Pretoria and many of its residents work in South Africa. It is not the intentions of a particular company, but the apartheid system and its laws which control company operations in South Africa.

Under apartheid's laws, companies cannot even avoid discriminating among the country's different disenfranchised groups. For instance, Newmont Mining, which has a minority interest in a copper mine in the Cape Province (where the majority of the "coloreds," or mixed-race, South Africans live) can provide its mixed-race workers with housing for their families. But because Pretoria's laws discriminate against Africans more than other blacks, Newmont can only provide hostel housing for single African men at the mine. It is illegal to allow Africans to live there with their families.

Until apartheid is dismantled, U.S. companies will be forced by South African law to discriminate against blacks. And black South Africans working for U.S.-owned mining companies will continue to labor until conditions that are, at the very least, an affront to human dignity and, at worst, life threatening. Migrant mineworkers have no family life. Commuters go home each day to impoverished, overcrowded territories, and no black South African miners have the right to travel freely in the country of their birth. Without the right to elect the country's leaders, blacks will have little power to change the course of their destiny. And yet, with cruel irony, the daily labor of black miners help line the pockets of Pretoria and further strengthen the white minority government that controls them.

percent of the industry's wages. The remaining 89 percent of the mining workforce--blacks--earned 60 percent of its payroll. In May 1983, blacks in the mining industry earned an average monthly wage of \$234; the \$1,256 average monthly wage for whites was more than five times higher.

Perhaps the greatest cost of the mining industry to black South Africans cannot be measured in dollars and cents, but in human tragedy. South Africa's mines are heavily dependent on migrant labor--Africans from "homelands" and neighboring countries who work on short-term contracts and are not allowed to bring their families to the mine sites. The system of recruiting blacks to work on a contract basis in the remote mining areas began in the early days of South African mining, a little more than 100 years ago, to ensure a stable supply of cheap labor to the growing industry. The migrant labor system has put tremendous strains on the African family. Migrant workers are hard-pressed to keep their jobs because they cannot legally remain in the country without them. Husbands are separated from their wives and children for as long as a year at a time, when they must return briefly to their homes where their contracts are renewed by government-run labor bureaus. While away from their families, miners live in hostels, or barracks, that often are rundown and overcrowded. In 1980, according to government statistics, more than 670,000 blacks from the country's impoverished reservations, homelands worked on a migrant basis in all of the country's economic sectors.

Other miners are euphemistically called "commuters." They mine South Africa's riches, such as chrome ore and vanadium, in white South Africa, but they may live only miles away in one of South Africa's ten homelands. These territories making up a total of 14 percent of South Africa's land that were set aside by Pretoria as reserves for each of the country's ten African ethnic groups, which together comprise 73 percent of the South African population. Residents of the homelands--many of which consist of bits of non-contiguous land that look like scattered pieces of a jigsaw puzzle when drawn on a map-- cannot legally live in white South Africa or stay there longer than 72 hours without permission unless they earn hard-to-get rights. Residents of the four "self-governing" homelands, which have declared "independence" from South Africa according to a plan set up by Pretoria, lose their status as South African citizens when their homelands become "independent." No other nation in the world recognizes the territories as sovereign countries except South Africa, which props up their budgets and governments.

Black employees of at least two U.S. mining operations--IMC and Union Carbide--work each day in white South Africa and then commute short distances to overpopulated, underdeveloped

NEWMONT MINING CORPORATION

Year operations in South Africa began: 1928

Number of employees:

White	4,616
African	10,703
Asian	1,979
Total	17,298

(Total employment figure represents all employees at four companies in which Newmont has minority interests ranging from 49 percent to 10.3 percent. These figures represent Newmont's South African and Namibian operations)

Total assets: \$86 million (4.1 percent of total worldwide assets as of 12/31/83)

Total sales: \$640 million (represents total sales of all four affiliates in which Newmont has minority interests)

Number of affiliates: 4

Names of affiliates:

- O'okiep Cooper Co. (Newmont owns 49 percent)
- Tsumeb Corp. (32.6 percent)
- Palabora Mininga (28.6 percent)
- Highveld Steel and Vanadium (10.3 percent)

Description of operations: Newmont's first two mining interests in southern Africa--the O'okiep copper mine in the northwestern Cape Province, in which Newmont acquired a stake in 1927, and the Tsumeb copper mine in Namibia that was acquired in 1947--projected Newmont into the front rank of the world's mining industry. Dividends from the highly profitable operations "profoundly altered Newmont's postwar economic position," according to company history, and enabled Newmont to invest in other major international mining ventures, including the Palabora copper mine in South Africa's Eastern Transvaal, now considered to be the most

significant copper mining operation in the country, and Highveld Vanadium and Steel, the world's largest supplier of vanadium to non-Communist countries. Although depressed 1983 copper prices and debt owed for a capital expansion at O'okiep created income losses for Newmont at O'okiep and Tsumeb, Palabora yielded dividends for Newmont that year of \$3.7 million on net income of 28.7 million. Highveld, which together with one other vanadium operation in South Africa supplies the U.S. with 44 percent of all of its vanadium imports, yielded Newmont dividends in 1983 of \$1.5 million on net income of \$20.1 million.

South African law prevents African workers from living with their families at mine sites; at the O'okiep mine in the Cape Province, a law favoring so-called "colored," or mixed-race persons, requires the company to hire Africans only when no qualified colored workers are available.

Strategic nature:

Mineral sales have been the backbone of the modern South African economy. In 1981, mineral sales constituted 17 percent of the country's gross national product and earned two-thirds of South Africa's total foreign revenues. South Africa earned \$149 million in 1982 in export sales of copper, supplying two percent of the world's copper. The country has the world's largest known reserves of vanadium, a metal strategic to the world's aerospace and defense and energy industries because of its use as an alloy in high-strength steels. South Africa is the largest supplier of vanadium to non-communist countries.

The South African mining industry

has also had one of the worst labor practice records among South Africa's industrial sectors. African contract laborers working in the mines cannot live with their families at mine sites, black miners often work under very hazardous conditions and only in the last few years have blacks been allowed to organize unions at the mines.

History of institutional shareholder action:

<u>Year</u>	<u>Description of resolution submitted to the company</u>
1977	Namibia disclosure
1978	Namibia disclosure
1984	Implement or increase efforts in the four areas outlined by Bishop Tutu or withdraw from South Africa
1985	Implement or increase efforts in four areas outline by Bishop Tutu or withdraw from South Africa

Company's position:

Newmont told shareholders in its 1984 and 1985 proxy statements that it is "fully committed to a policy of equal, fair and competitive treatment of its employees throughout the world, including South Africa and Namibia. This commitment, and the Corporation's presence in that part of the world, do not strengthen or support any political or social system, but rather provide a means of creating jobs and improving the level of skills, education and living for employees of all races." Newmont said that withdrawal from the country would not enhance its influence in improving conditions for workers nor advance the purposes of Bishop Tutu, who is seeking labor mobility and the right of workers to live with their families near their place of work. Newmont told its shareholders that "prudent conduct of its affairs (in South Africa and Namibia) must continue, as now, to be based upon local perception of the best interests of all employees, achievable increments of progress and a good faith commitment to fairness in

dealing with all employees."

Church Position:

This response was in reply to Church shareholder resolutions which argued in contrast that Newmont should not expand its operations until apartheid is ended. The Rockefeller Foundation report (South Africa: Time Running Out), which recommends that U.S. corporations "commit themselves to a policy of non-expansion --- implemented on a voluntary basis," stipulates that "the creation of job opportunities for blacks should not by itself justify an exception to the ban.

Despite Newmont's commitment to "equality", it should be noted that facilities at its O'okiep operation remain segregated. Newmont also provides its employees with health care benefits which cover the dependents of whites and coloreds, but not Africans.

Newmont refused to develop a policy of no expansion. According to the company: "The proper management of an investment requires that decisions regarding expansion and additional investment be made on the basis of all relevant factors, not solely by reference to social policies or political considerations. Whenever a natural resource opportunity may arise, a thorough study of prevailing conditions should be determinative and must be preferred to the establishment of blank prohibition."

In fact, in the company's 1983 annual report, Newmont makes reference to possible additional investment in its Southern African operations. According to the 1984 IRRC Proxy Issues Report (Investor Responsibility Research Center), "for a discussion of O'okiep's financial difficulties, Newmont concludes that O'okiep's financial position will remain precarious without further infusion of equity capital."

THE PETROLEUM INDUSTRY IN SOUTH AFRICA

Foreign oil companies operating in South Africa are compelled by Pretoria's laws to work hand-in-hand with the white minority government. Virtually barren of its own oil reserves, vulnerable to interruptions of supplies and well aware of the international pressure to isolate the country from oil resources, Pretoria keeps tight controls both on the activities of multinational oil companies operating in the country and on the information available about their South African operations. Consequently, it is difficult to know in detail the extent to which U.S. oil companies in South Africa do business with the government, how much oil they refine or whether they import oil to South Africa. But it is certain that they must dance to Pretoria's tune.

For example, even though Mobil owns 100% of Mobil South Africa, the company's Chairman reports that their South African managing director refuses to answer certain questions about Mobil's operations there because to do so would violate South African securities law. This is one of the clearest signs of how strategic the oil industry is. While some information is difficult to find, the refusal to give any information at all on these questions makes clear that the oil industry follows Pretoria's dictates.

Multinational oil companies in South Africa cannot avoid fueling the engines of apartheid. Just as apartheid permeates South African society, so do oil and its byproducts permeate the economy. Without gasoline and oil, the paddy wagons and armored trucks used to police segregated black South African communities would grind to a halt. Without fuel, the buses and trains used to move millions of blacks daily from the segregated ghettos and impoverished reservations to major cities where they are wanted only for their labor, could not operate. The equipment used by poorly paid black laborers to mine the country's most precious resource, its gold, would rust away without the oil that lubricates it. The farms that are controlled by whites--in a country where blacks cannot own productive land--could not grow their crops without fertilizer made from petroleum byproducts.

Aware of the lifeline they supplied Pretoria, most of the major OPEC countries announced in 1973 an embargo of their oil shipments to South Africa; by 1978, all members of OPEC had turned off their flow of oil to the country. Concerned about the security of its supplies, Pretoria passed laws making it illegal for anyone in South Africa to publish or broadcast any information about the South African petroleum industry and restricting the information all oil companies operating in the country may give to outside interests--including their shareholders. Business officials who violate the laws face heavy

fines and possible jail terms. These laws include:

1. Regulations strengthening the National Supplies Procurement Act: These regulations were passed by South Africa immediately after the imposition of the UN arms embargo against the Republic in November 1977 and could be used to force foreign-owned companies to produce oil products required for strategic reasons. Oil companies in South Africa are already required to set aside a certain percentage of their refined oil for government purchase.
2. The National Supplies Procurement Act: Under this law, the oil companies in South Africa are also forbidden from imposing any conditions on the sale of oil products to customers. Chevron, joint owner of Caltex, has pointed out this means that: "It would be a crime under South Africa's law were Caltex-South Africa to undertake a commitment to not supply petroleum products for use by the South African military or any other branch of the South African government."
3. The official Secrets Act of South Africa: According to Mobil and Caltex, this law makes it impossible for oil companies to obtain information on sales by their subsidiaries within South Africa.
4. Also, it would appear that the oil companies may be covered by the National Key Points Act, extraordinary South African legislation which allows the government to take over the company facilities and place military personnel on the premises. In 1984, church shareholders wrote to the major U. S. corporations invested in South Africa asking the companies about their status as a key point industry. The four U.S. oil companies-- Texaco, Mobil, Chevron and Exxon refused to confirm whether or not their facilities had been designated as key points. According to Rawleigh Warner, Mobil's Chairman: "It is a very serious crime under South African law (the punishment for which includes both heavy fines and imprisonment) to communicate information relating to a national key point. Our South African affiliate is, therefore, unable to identify any particular facilities or installations which may have been designated key points."

In addition, longstanding laws regulate how oil companies in South Africa produce, transport, distribute and price their products. The array of oil company business controlled by the government ranges from the number of service stations a company may open to whether a firm must maintain its own security force to protect it from possible sabotage. Companies face heavy

penalties if they reveal whether Pretoria has compelled them to sell their products to controversial buyers such as the police and military. The government also requires companies to participate in its program to build a strategic oil stockpile--a stockpile now estimated to be the largest in the world.

Three U.S. oil companies--Mobil, Chevron and Texaco--play critical roles in the South African petroleum industry. Chevron and Texaco jointly own an international oil company, Caltex Petroleum Corp., that in turn wholly owns one of four major refineries in South Africa. Mobil wholly owns another of the large refineries. According to the latest worldwide oil industry statistics, the Caltex and Mobil operations together have the capacity to refine 40 percent of all crude oil refined in South Africa. Mobil and Caltex also operate extensive distribution networks in the country. Together, the companies employ more than 5,000 workers and operate more than 200 supply depots and 1,500 service stations. Their combined assets in South Africa are well over half a billion dollars.

Mobil and Caltex also may be playing roles in Pretoria's continuing search for energy independence. With its three huge state-owned synthetic fuel plants now supplying an estimated 40 percent of the country's liquid fuel needs, the government is moving ahead with plans to develop offshore natural gas reserves both in the Indian Ocean near Mossel Bay and off the coast of Namibia where Chevron discovered a large gas field in 1974. According to oil industry trade press reports, the government is eyeing two Mobil-owned processes for converting natural gas to liquid fuels if development of the Mossel Bay fields are successful. And if exploration of the offshore Namibian field is successful, speculation is that gas recovered from the field will be shipped to Cape Town -- where Caltex operates the only refinery -- for conversion to liquid fuels, rather than risk operation of a conversion plant in still hostile Namibian territory.

The strategic nature of the oil industry is emphasized by the fact that oil is deemed a "munition of war" under South African law, as evidenced in legal advice which Mobil has quoted from letters sent by the company's South African attorneys: "As oil is absolutely vital to enable the army to move, the navy to sail and the air force to fly, it is likely that a South African court would hold that it falls within the definition of munitions of war."

In addition both Mobil and Caltex have vigorously defended sales to the South African police and military using language that church critics contended whitewashed the repressive actions of the police and military and made them seem to be innocent of

the atrocities committed by them.

For example, Mobil stated in its 1981 proxy statement in response to a church sponsored resolution (End sales to the South African police and military):

"Each Mobil subsidiary has traditionally followed the policy of observing the obligations of responsible citizenship in each of the countries in which it operates. Mobil's management in New York believes that its South African subsidiaries' sales to the police and military are but a small part of its total sales and typical in relative size to its sales to such groups in other countries. Total denial of supplies to the police and military forces of a host country is hardly consistent with an image of responsible citizenship in that country. The great bulk of the work of both the police and military forces in every country, including South Africa, is for the benefit of all of its inhabitants. All have a basic interest in the maintenance of public order and safety. A policy of the character advocated would deny resources for response to grave emergencies, for the apprehension of common criminals, and for the protection and security of all individuals and property including that of the Corporation."

Texaco and Chevron have also made statements defending such sales.

Both Caltex and Mobil argue strongly that their continued presence in South Africa will do far more to bring an end to apartheid and improve the economic well-being of all South Africans than would their withdrawal from the country. In the U.S., Chevron, Texaco and Mobil have been active in the campaign against the South African divestment movement. Company spokespeople are often quoted in the press. Mobil in particular actively lobbies at the state and city level against South African legislation and is a regular speaker in hearings on Capitol Hill, consistently opposing any shift in U.S. policy toward increased economic pressures on South Africa. Thus these companies provide strategic support to the government in South Africa and lobby in the U.S. on the same side as the South African government against federal, state and city legislation.

There is little evidence, however, that the continued presence of industries key to the maintenance of apartheid has helped significantly the majority of black South Africans and accelerated an end to apartheid. For example, with the government usurping the industry's authority to determine the

price charged for gasoline, the petroleum industry inflicts grave hardship, whether intentional or not, upon the black population. For instance, a 40 percent rise in gasoline prices dictated by Pretoria in January is expected to have a devastating effect on low-income South Africans --in otherwords, blacks. The gasoline price hike led to a 20 percent rise in railroad fares and a 12.5 percent rise in bus fares for blacks, millions of whom have to commute to work by bus and train because South Africa law dictates that they must live in segregated townships and reservations that often are miles from their jobs. A leader of the white opposition party in the South African parliament predicted that "the rise in third class fares was almost pleading for urban unrest," according to a February 11th report in the Johannesburg Star, one of the country's leading daily newspapers. Trade unions predicted that the fuel and fare hikes would lead to increased wage demands. A leading white business association, the Association of Chambers of Commerce, noted that the steep price hike in black transportation fares would place a heavy burden on black commuters in particular. "The present economic climate makes it unlikely that employers will be able to compensate workers to any great extent," the association said. "Businessmen are simply not in a position to help on any large scale."

Regardless of the intentions of companies like Mobil and Caltex, they are partners in a system which forces them to maintain the daily indignities and hardships borne by black South Africans, and participate actively in making the South African economy energy independent, thus decreasing the potential impact of international economic pressure for change.

TEXACO AND CHEVRON

Year operations in South Africa began: 1911

Number of employees: White 1,145
 African 503
 Asian/Colored 503
 Total 2,151

Total assets: Company has declined to provide information.

Total Sales: South African law prohibits oil companies from disclosing sales information

Number of subsidiaries/affiliates: 2

Name of major subsidiary: Caltex Oil (South Africa) (Pty.) Ltd. (commonly known as COSA)

Description of operations: Texaco and Chevron are equal owners of Caltex Petroleum Corporation, an international oil company that wholly owns one of four major crude oil refineries in South Africa.

 Buys and refines crude oil (COSA has the capacity to refine an estimated 23% of country's total refining capacity); distributes and markets petroleum products such as gasoline, diesel fuel, lubricating oils and greases through extensive network of 100 supply depots and more than 390 service stations, with another 790 independent dealers operating service stations carrying COSA products.

Strategic importance: Caltex refines crude oil into critically important gasoline, diesel fuel and lubricants used by the transport, industrial and agricultural sectors of the South African economy. Oil and its byproducts are vital to the daily operations of; the police and military; airlines, trains, buses, trucks and cars used to transport people and goods throughout the

economy; factories and mines; and mechanized farming, for example.

History of institutional shareholder action:

<u>Year</u>	<u>Description of resolution submitted to company</u>
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TEXACO

1976	No expansion in South Africa
1977	Withdrawal from South Africa
1978	Rhodesia
1980	No sales to military or police
1983	No sales to military or police
1984	Implement principles outlined by Bishop Tutu or withdraw from South Africa
1985	Implement principles outlined by Bishop Tutu or withdraw from South Africa

CHEVRON

1977	Withdrawal from Namibia
1976	No expansion in South Africa
1977	Withdrawal from South Africa
1980	No sales to military or police
1983	No sales to military or police
1984	Implement principles outlined by Bishop Tutu or withdraw from South Africa
1985	Implement principles outlined by Bishop Tutu or withdraw from South Africa

Company position: Caltex officials have been active supporters of their investment in South Africa. Caltex was one of three companies that formed the U.S. delegation to a top-level meeting in March of U.S., British, Swedish and South African chief executive officers who gathered in England to discuss the role of business in South Africa. Chaired by former British Prime Minister Edward Heath, the participants addressed the influence business may use to encourage reforms of apartheid laws. COSA's chairman and managing director, Dennis Fletcher, last year told a meeting of black South African businessmen that the free enterprise system works best in "truly democratic societies" and has urged his fellow businessmen to do more to support education and training for black South Africans.

Texaco repeatedly has defended its investment in South Africa on the grounds that "Caltex's presence in South Africa has produced, and we believe will continue to produce, ever increasing advancement, along with economic, social and educational benefits for the black population," Texaco's corporate secretary, Carl B. Davidson, said in January.

Church Position: Texaco and Chevron have been the recipients of numerous Church shareholder resolutions on South Africa since the early 1970s and over 20 discussions have occurred between top management and church representatives. Responding to Church initiatives Texaco and Chevron have:

- refused to place a moratorium on new investments in South Africa.

- refused to stop sales to the military and police

- refused to disclose sales to the South African government

- refused to support Bishop Tutu's position that apartheid should be dismantled or investors should withdraw

In December, Texaco promised that the company would provide the criteria on implementing the fourth amplification of the Sullivan Principles. To date, the company has refused to outline their criteria.

Also, in spite of the fact that the fourth amplification requires companies to press the South African government for change, COSA does not appear ready to take this step. In an interview that appeared in the March 11, 1985 issue of Newsweek, COSA's manager-director, Denis Fletcher, commented " It must be understood that Caltex will never be party to any illegal activities." Newsweek also indicated that Caltex said it did not intend to oppose the government on political issues. According to Fletcher: " We will continue as we have worked in the past, setting the very best example as an employer in South Africa."

FLUOR

Year activities in South Africa began: About 1960

<u>Number of employees:</u>	African	10
	Asian/Colored	11
	<u>White</u>	<u>161</u>
	Total	182

Since it works on a contracting basis, Fluor's employment figures fluctuate greatly. The company has a small permanent staff of professional, administrative and clerical employees is based in Johannesburg. But in 1979 at the height of construction of the projects. Fluor paid and supervised about 11,000 workers. The company says it has trained 8,000 black workers in skills involved in construction and maintenance of the synthetic fuels operations.

In November 1984, Fluor representatives recruited several hundred black South Africans from one of the country's so-called "homelands: to work at the SASOL operations after the government fired SASOL workers following their participation in a regional two-day work stoppage. The homeland workers said Fluor did not indicate that their jobs would be temporary. However, most of them were shipped back to the impoverished homeland after ten weeks when SASOL settled its labor dispute and began rehiring the permanent workforce.

Total assets: \$9 million

Total Sales: \$50 million

Number of subsidiaries/affiliates: 2

Name of major subsidiary: Fluor Engineers South Africa, Inc.

Description of operations: Fluor is one of the world's leaders in the design, engineering and construction of energy-related facilities. The company has been the managing contractor for two of the three huge oil-from-coal plants owned and operated by SASOL, the state-owned South African Coal, Oil and Gas Corp. Ltd.

In late 1960s, participated in construction of two of South

Africa's four crude oil refineries. In 1975, named managing contractor for \$3.3 billion SASOL I plant; in 1979, named managing contractor for \$4.2 billion SASOL III facility.

Fluor received \$4.7 billion for its work on SASOL II and III. In 1980, it was estimated that Fluor received 14 -15 percent of its total revenues and 8-9% of pretax profits from South African projects. Fluor also lobbied the Export-Import bank to extend credit to South Africa for SASOL. The company formed Fluor-Genrec in 1980 to take advantage of future South African construction projects. Fluor is the U.S. sales agent for SASOL technology.

Recent Activities:

According to information Fluor filed this year with the Securities and Exchange Commission, the company has several ongoing projects in South Africa. It is involved in "plant modification work" at SASOL. Several of its subsidiaries are involved in construction of a crude oil pipeline; the company was awarded a maintenance contract for a nuclear power station; and it is constructing a "sponge-iron" plant. According to the oil industry trade press, Fluor also tendered bids for part of a feasibility study initiated in January by Pretoria to investigate the viability of developing a gas field off the coast of Namibia.

Strategic importance:

Fluor has been a leading partner in South Africa's effort to become self-sufficient in energy. Before construction of the SASOL II plant, only 5% of South Africa's fuel came from synthetic sources. The three SASOL operations now supply the country with 40% of its liquid fuel needs, as well as the petrochemical

sector's entire ethylene feedstock requirements. Domestic coal in South Africa now provides 83% of primary energy needs. As a partner in South Africa's renewed efforts to develop offshore gas fields, the company is further contributing to Pretoria's program to achieve energy independence. It is estimated that the field off the coast of Namibia could provide the country with another 30% to 65% of its remaining liquid fuel requirements.

History of institutional shareholder action:

<u>Year</u>	<u>Description of resolution submitted to company</u>
1979	Contracts with the South African government
1980	Contracts with the South African government
1981	Withdrawal from South Africa

Company position:

Following the company's annual meeting in March. Fluor Chairman David S. Tappan Jr. told press conference: "Our continued involvement is in the best interest of all South Africans." Tappan claimed the company has improved the standard of living for 20,000 blacks trained by Fluor in the course of its various projects in South Africa.

Fluor has maintained that it follows a policy of operating "by the laws, regulations and social customs of the countries in which it works."

Church Position:

Church shareholders have urged Fluor to withdraw from South Africa because of the strategic importance of Fluor's services. The company has adamantly defended its extensive South African operations, and questioned the "moral consistency" of shareholders raising concerns about South Africa.

Fluor has become increasingly secretive about its South African operations. It has provided very little, if any, data on its labor practices, and declined to cooperate with IRRS which was developing profiles of South African operations of major U.S. firms. Fluor failed to respond to requests for meetings from church stockholders to discuss shareholder resolutions on South Africa. The company at its annual meetings considering resolutions on South Africa never expressed any concern about apartheid.

May 20, 1985.

MANUFACTURING IN SOUTH AFRICA

Since the early 1900s, when manufacturing activity in South Africa primarily provided satellite services for mining and agriculture, the country's manufacturing sector has grown from a mere 4 percent of the gross domestic product (GDP) to 24 percent in 1981--the largest single contributor to the GDP. As the third largest employer in the country, manufacturing firms supply everything from cosmetics and medicines to refrigerators and heavy agricultural equipment needed by a modern industrial economy. Like all industry sectors in South Africa, the manufacturing sector depends heavily on cheap black labor to supply the goods needed for the high standard of living enjoyed by the country's 15 percent white minority population.

With the expansion in the 1920s of the state-run railways and harbors and with the creation in that same decade of major state-owned industries such as the Electricity Supply Commission (ESCOM), the country's electric utility system, and the South African Iron and Steel Industrial Corporation (ISCOR), South Africa began to develop the infrastructure needed to sustain a healthy manufacturing industry. Cut off from foreign sources of supply during World War II, the country began a program to substitute imports with locally-made goods that further boosted domestic manufacturing. With demand by whites for consumer goods unleashed after the war and with new gold discoveries, further import controls and new markets for exports, the manufacturing sector took off at a 13 percent growth rate from 1945 to 1955, slowed down to 7 percent for the next ten years, rose to 9 percent during the 1960s and leveled off in the 1970s and early 1980s, averaging about 5.6 percent.

South Africa's robust manufacturing industry of the last five decades could not have existed without cheap black labor. Seeking to control the large-scale influx of blacks to the urban areas after World War II, the apartheid government that had come into power in 1948 established "labor bureaus" in urban and rural areas to control the number of Africans. Even today, African workers must be registered with a bureau and carry papers proving their registration and that they have the right to be in an urban area. A local labor bureau may not recruit Africans from one of the so-called "homelands," or rural reservations set aside for Africans, unless "qualified" labor is unavailable locally. Africans who circumvent the laws and leave the homelands for the cities in search of work risk arrest for violation of the "influx control laws" and the "passbook laws" requiring them to carry reference papers with them at all times. In 1984, there were 163,000 arrests for influx control and pass law violations-- put another way, one out of every mining seven blacks living in the greater Johannesburg area was turned into a criminal for living

in the metropolitan area without permission from the state. A March report in a South African newspaper indicates how the laws invade the everyday lives of blacks: "Government officials are carrying out round-the-clock checks to monitor the influx of blacks into urban areas... 'Every vehicle (with black people in it) has been stopped systematically. . . ' " a government official said.

With those kinds of controls on the movement of blacks within the country, the government has tried to match the number of black workers with the needs of the economy. According to Pretoria's central statistics for 1983, the number of Africans employed in the manufacturing sector made up 54 percent of the total manufacturing workforce of 1.4 million in 1983. All blacks--Africans, so-called "colored" or mixed-race persons, and Indians--provided 77 percent of the manufacturing labor. Yet they earned only 48 percent of the total payroll that year. In May 1983, the average monthly wage paid to blacks in the manufacturing sector was \$288--less than one-quarter the average wage paid to whites working in the same industry.

U.S. companies have been involved in South Africa's manufacturing fortunes since as early as 1894, when General Electric opened its first operation there. The South African General Electric Co. (SAGE) became South Africa's largest electrical company. It manufactured and imported a wide range of consumer and capital goods, including electrical controls used in ISCOR plants that facilitated automated, round-the-clock control of ISCOR machinery and plants. ISCOR's development of an efficient, powerful iron and steel industry has been a cornerstone of Pretoria's plan for achieving industrial and military self-sufficiency. SAGE also constructed control relay panels for the South African-run terminal of a huge hydroelectric project on the Mozambique border which has the potential to supply South Africa with a substantial amount of power. And in 1983, a GE subsidiary won a contract to provide switchgear for a power station owned by ESCOM, another state-owned agency critical to the government's control of the country.

ESCOM's objective, established in 1922, "is to provide an adequate supply of electricity at cost price so that it can be used for the economic advancement of South Africa," according to a government publication. That "advancement" has been highly selective. The 73 percent black majority, living in segregated ghettos and reservations, have been totally denied access to ESCOM's impressive power grid until this decade. Only in 1980 did the government approve an agreement initiating the township-wide "electrification" of Soweto--the country's largest black city with more than 1.5 million people. Most black townships still have no electricity.

Historically, SAGE also has supplied Pretoria with a large portion of the diesel locomotives run by the state-owned South African Railways, although recently the state is using more and more electrically-fueled locomotives. In the mid-1970s, the company supplied 80 percent of the diesel locomotives then used by the state-run system and in 1976 contracted to provide 40 new locomotives for a major railway and port development project initiated by ISCOR to export high-grade iron ore from an ISCOR mine in the northern Cape Province to a new harbor developed northwest of Cape Town. The project is controlled by the state-run South African Transport Service. That project, and other rail systems managed by the state and traversed by SAGE locomotives, are vital to the economy because they provide the infrastructure on which the rest of the economy is built.

While huge firms such as SAGE have profitted handsomely from large contracts with major state-owned customers, many other American manufacturing firms in South Africa operate in the private sector, many producing consumer goods for the white majority. According to Foreign Investment in South Africa a directory of U.S. corporations operating in South Africa published in late 1984 by the Investor Responsibility Research Center, more than 150 American firms with nearly \$2 billion worth of investments in South Africa are involved in some kind of manufacturing or production there.

In the past, U.S. Corporations invested in South Africa, have enjoyed very high rates of return, although with the current recession they have been dropping more recently. Between 1979 and 1982, the average return on U.S. investment was 18.7%. This compared with an average rate of return of 16% for U.S. companies world-wide. Companies have enjoyed this higher rate of return due to the cheap labor of black workers provided by the apartheid system.

For the opportunity to invest in South Africa and produce goods there the companies must: 1) rely on black labor which forces them into an accommodation with the laws and regulations of a system designed to provide that very labor for them; 2) collaborate with the SA government whose goal is development of a militarily powerful, self-sufficient economy to serve the white minority rather than to meet the needs of all South Africans; and 3) pay taxes to support that government.

GENERAL ELECTRIC CO.

Year operations in South Africa began: 1894

<u>Number of employees:</u>	White	300
	African	422
	<u>Asian/Colored</u>	<u>130</u>
	Total	852

Total assets: less than \$120 million as of 12/31/83

Total sales less than \$140 million as of 12/31/83

Number of subsidiaries/affiliates: 4

Name of major subsidiary: South African General Electric Co.
(Ptv.) Ltd. (known as SAGE)

Description of operations: GE's South African subsidiaries and minority-owned affiliate manufacture a variety of light industrial electrical equipment and service heavy industrial electrical equipment such as motors and transformers used by the public and private sectors. Products made by the company in South Africa range from highway and commercial lighting fixtures to locomotive oil filters. The company also markets GE products imported from the United States, such as locomotive replacement parts, lamps and medical diagnostic equipment. In 1983, a GE subsidiary was awarded a \$5.5 million contract to develop switchgear for the government-owned electric utility company. Also in 1983, the company briefly considered investing in a \$140 million coal mining venture but shelved the idea after shareholders pressured the company not to expand its South African investments. GE makes some sales to South African government agencies.

Strategic nature

As a supplier of components such as locomotive parts used by the South African state-owned railway system

and switchgear used by the state-owned utility system, GE is assisting the South African government in controlling the black majority population and in maintaining the country's racially segregated society. The government supplies electricity to South Africans on a discriminatory basis; black townships only recently have begun to be supplied with electricity and most still have none. Trains are used by the government to control the movement of black workers within the country and to ship unwanted blacks to remote, impoverished "homelands." The South African government also can invoke its laws to compel foreign-owned companies to sell their products to the government if needed for the security of the country.

History of institutional shareholder action:

<u>Year</u>	<u>Description of resolution submitted to company</u>
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1977	Withdrawal from South Africa
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1983	No further expansion in South Africa until apartheid is abolished
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Company's position

GE opposes divestment. Ford C. Slater, GE's manager of special issues planning and communications, wrote a large church shareholder in December that GE believes that if initiatives for divestment become influential in causing U.S. companies to withdraw from South Africa, they "would have the principal effect of harming significant numbers of individual black South Africans, without redeeming compensatory effect."

Church position

U.S. companies have been involved in South Africa's manufacturing sector since as early as 1894, when General Electric opened its first operation there. The South African General

Electric Co. (SAGE) became South Africa's largest electrical company. It manufactured and imported a wide range of consumer and capital goods. SAGE has assisted the development of an efficient, powerful iron and steel industry, a cornerstone of Pretoria's plans for achieving industrial and military self-sufficiency. SAGE also constructed control relay panels for the South African-run terminal of a huge hydroelectric project on the Mozambique border which has the potential to supply South Africa with a substantial amount of power. And in 1983, a GE subsidiary won a contract to provide switchgear for a power station owned by ESCOM another state-owned agency critical to the government's control of the country.

Historically, SAGE also has supplied Pretoria with a large portion (as high as 80% in the 1970s) of the diesel locomotives run by the state-owned South African Railways, although recently the state is using more and more electrically-fueled locomotives. In 1976 contracted to provide 40 new locomotives for a major railway and port development project initiated by ISCOR to export high-grade iron ore from an ISCOR mine in the northern Cape Province to a new harbor developed northwest of Cape Town. The project, controlled by the state-run South African Transport Service, and other rail systems managed by the state and traversed by SAGE locomotives, provide the infrastructure on which the rest of the South African economy is built.

In 1983, following reports that one subsidiary of the company was considering an investment in a "homeland," church shareholders filed a resolution asking the company not to expand in South Africa until apartheid is abolished. The company refused to place a moratorium on further investments.

THE COMPUTER INDUSTRY IN SOUTH AFRICA

U.S. computer firms have made their technology very user-friendly to South Africa. With a booming South African market that has yielded average annual growth rates of 30 percent, firms like IBM, Burroughs, Control Data, NCR, Hewlett-Packard, Sperry Rand and Mohawk Data have been lead players in Pretoria's successful drive to automate apartheid. American-owned computer companies have been instrumental in supplying the minority-controlled government with the capability to track the identity, movement, labor availability and political activities of the black majority at the push of a button and in strengthening the country's defenses. No U.S. industry sector has been more responsible for tightening and streamlining Pretoria's Orwellian controls on the liberties of black South Africans than the computer industry.

Since entering the technology age in the late 1950s, South Africa has been an eager customer of computer merchants. By 1977, only the U.S. and Britain outpaced South Africa in spending per capita on data processing systems. U.S. computer companies jumped to the country's demands and have dominated the South African computer market. By 1980, according to a South African computer industry survey, U.S.-owned corporations sold 75 percent of all computers in the country and handled 77 percent of all local computer rentals, yielding Pretoria an estimated \$27 million in corporate taxes and \$14 million in sales taxes that year. By 1983, the value of all computers made by U.S.-owned companies operating in South Africa and sold in the country was \$650 million, according to the U.S. Commerce Department. Sales of U.S.-owned mainframe computers dominated the market, totalling \$234 million 1983, followed by sales of minicomputers totalling \$136.5 million, desktop computers valued at \$130 million, small business computers valued at \$84.5 million and word processors valued at \$65 million. Business is particularly good in the software, insurance, finance and banking markets, as South African banks move to streamline their operations and cut back on labor costs by installing automated teller machines throughout the industry.

Exports of U.S. computers to South Africa have also been booming in the last few years despite restrictions placed in 1978 by the Carter administration on the direct sale of U.S.-origin computers to certain Pretoria agents such as the police and military and central government departments responsible for administering the country's racially discriminatory laws. Since 1978, the value of computer exports to South Africa has more than tripled, up from \$50 million that year to \$162.7 million in 1983, according to the U.S. Department of Commerce. At the same

American companies maintained their dominance in the import market, holding 47 percent of the market share in 1983, followed by Britain with 18 percent and West Germany with 9 percent.

The growth of the computer age in South Africa has been closely tied to the concentration of Pretoria's administrative, coercive and economic power over the black majority. The minority government and its agencies are the largest customers of U.S. computer firms. Government agencies supply about 50 percent of Control Data's South African revenues, 30 percent of Burrough's revenues in the country and 17 percent of IBM's.

Before direct sales to the South African police and military were banned in 1978, U.S. firms had supplied hardware critical to strengthening the country's police force, its military and the agencies responsible for keeping strict, daily controls on the lives of black South Africans. According to Automating Apartheid, an exhaustive study of the role of U.S. computer companies in South Africa published in 1982 by the American Friends Service Committee, IBM, Burroughs, Control Data, NCR, Sperry Rand, Data General, Wang and Mohawk Data all supplied key computer hardware and software to central apartheid agencies before the 1978 ban.

IBM computers can be found throughout the apartheid machinery. Using IBM equipment and technology in the early 1970s, the South African Defense Force (SADF) established a sophisticated computerized command and control system and a military logistics system used to supply ammunition and supplies to military units throughout the country. Two IBM processors, a minicomputer made by Data General and equipment made by Westinghouse are used by the South African Railways for a computerized tracking system considered vital to military transport. In 1980, a handbook published by the South African computer industry advertised an IBM software program available to police called "Law Enforcement System." And since at least 1970, IBM hardware has been a key component of the South African Department of Interior's activities in tracking the identity, movement and labor of the country's so-called "colored," or mixed-race, and Asian residents.

IBM has not been alone among U.S. companies in supplying South Africa's security apparatus with the technology needed to centralize its control over the black majority population. Police hardware also was supplied in the 1970s by Control Data and Mohawk Data Science, in conjunction with ICL, a British firm that has been a major supplier of the South African police and military. American companies also have supplied computers to South African military contractors. For instance, IBM rents computers to a firm that produces Land Rovers for security

forces; an NCR computer is used by a major military electronics maker; a Burroughs computer is used by a corporation that has made armored vehicles for the military; Data General hardware and software are used by a civilian institution known to train police computer operators and explosives technicians.

U.S.-origin computers also have been essential in the past to the unique South African government agencies that keep tight controls on the daily lives of black South Africans. Burroughs, NCR and Mohawk Data Science have supplied hardware to the government board that has jurisdiction over thousands of blacks living in a large area east of Johannesburg. A Burroughs computer similarly fuels the data retrieval activities of the agency in charge of controlling the lives of blacks in the country's Eastern Cape Province.

South Africa's white-run local governments have been a further boom market for American computer companies. NCR, Sperry Rand, IBM, Wang, Honeywell, Burroughs and Mohawk Data all have supplied computers to local white governments which by law shut out black residents and businesses from their municipal borders. Critics of the computer industry point out that even with the best of policies, U.S. computer companies cannot control the end use of their products.

The anti-apartheid pressures in the U.S. are not dampening the enthusiasm of U.S. computer companies for the South African market in the least. A 1984 South African press report quoted predictions from three big U.S. computer companies --IBM, Hewlett Packard and NCR-- that the local computer market would remain bullish, averaging a 30 percent growth rate with a growing demand for personal computers. It is certain that black South Africans will not be a part of that market. But as the government continues to streamline the apartheid system, it is equally certain that blacks will be further controlled by the increasingly computerized repressive system.

INTERNATIONAL BUSINESS MACHINES CORPORATION

Year Operations in South Africa began: 1952

<u>Number of Employees</u>	White	1,419
	African	265
	<u>Asian/Colored</u>	<u>109</u>
	Total	1,793

Total Assets: \$88.6 million

Total Sales: Less than \$230 million

Number of Subsidiaries/Affiliates: 2

Names of Major Subsidiaries: International Business Machines SA (Pty.) Ltd.
IBM South Africa Product Distribution (Pty.) Ltd.

Description of Operations: Markets, installs, supports, and services full line of IBM computers and business equipment. Computers include mainframes, minicomputers, personal computers, and word processing systems, plus disk and tape storage devices, terminals, printers, and other peripheral equipment. Also sells typewriters, computer-aided-design systems, copiers, electronic typesetters, encoders and automatic teller machines (ATMs). Sells software and provides maintenance, consulting, user training, and computer bureau services.

Strategic Importance: Computers have become crucial for the maintenance of apartheid because they have made possible the concentration of administrative, coercive, and economic power that the small white minority needs to maintain such absolute control over the great majority. IBM dominates the South African market with an estimated 40-50 percent of the installed computer base. About 17 percent of IBM's South African

revenue comes from the central and provincial governments, according to the company. However, a large but unspecified additional percentage comes from municipal governments and parastatal corporations.

IBM computers are found in almost every important government department and agency, including the departments of the Prime Minister, Inland Revenue, and Education. The Atomic Energy Board; Human Science Research Council (which coordinates national social research as the government sees fit); Industrial Development Corporation; SA Railways; SA Airways; Vecor Heavy Engineering and other parastatals.

Most crucial for the enforcement of apartheid, IBM computers are at the SA Defense Force (including command and control and logistics services); and, with Control Data, the government's Council for Scientific and Industrial Research (CSIR), the key provider of military, nuclear, electronic and industrial R&D.

All sectors of the South African economy -- finance, manufacturing, distribution, services -- depend on computers. This is especially true of companies using high technology, such as military contractors. IBM computers dominate this South African business market. Among IBM customers are AECI (largest chemicals company), Leyland-South Africa, and Barclays and Standard, South Africa's two biggest banks, to whom IBM is selling automatic teller machines (ATMs). IBM is also taking over the South African personal computer market and automatic teller machines in competition with Apple.

History of Institutional Shareholder Action

<u>Year</u>	<u>Description of Resolution Submitted to Company</u>
1975	Sales to South Africa
1976	Report on sales to South Africa
1980	Sales to South Africa
1981	Sales to South Africa
1982	Withdrawal from South Africa
1983	Human Rights

Company Position:

IBM states that it complies with U.S. government restrictions (as revised in 1982) on computer exports to the South African police and military, to the SA Atomic Energy Board, and to the South African government departments of Interior, Cooperation and Development, Community Development, Justice, and Manpower, and to homeland agencies carrying out similar functions. The restrictions prevent, not all sales to these agencies and departments, but only those sales that help enforce apartheid. However, these restrictions do not prevent computers that have already been sold to these agencies and departments from being used to enforce apartheid. The restrictions also allow the continued servicing of computer contracts that predate the regulations.

As the largest computer company in South Africa, IBM assumes a high profile stance in favor of continued U.S. business there. It cites its internal policy of not selling equipment and services that might be used to support a repressive society. It also cites its good reports under the Sullivan Principles, its activities to further black education, the progressive impact of business on South Africa, and its expression of its "thoughts" about social concerns both directly to the government and indirectly through

business groups. In a recent New York Times column, IBM chairman John Akers quoted the company's South African managing director as calling for "bringing blacks into the constitutional framework". Mr. Akers cited this as an example of IBM's progressive impact, but did not say whether this statement meant support for "one person, one vote" for the South African government's ideas for limited rights for urban blacks.

Church Position:

In spite of the fact IBM officials have stated that the company will not make sales that assist in repression or abridge human rights, IBM has refused to stop sales to the South African government or to place a moratorium on further investment in South Africa. In addition, IBM has refused to meet with church shareholders.

IBM is one of the U.S. companies most active in information efforts and lobbying against the divestment movement. IBM management often testifies in Congress against proposed legislation to increase pressures on South Africa.

CONTROL DATA CORPORATION

Year Operations in South Africa began: 1964

<u>Number of Employees:</u>	White	242
	African	28
	<u>Asian/ Colored</u>	<u>43</u>
	Total	313

Total Assets: \$44 million

Total Sales: Less than \$19 million

Number of Subsidiaries/Affiliates: 2

Names of Major Subsidiaries: Control Data (Pty.) Ltd.
Interdata

Description of Operations: Marketing and servicing of computers, business equipment, and software. Computers include mainframes, minicomputers, and microcomputers, plus disk storage systems, other peripherals, computer security equipment, process control devices, encoders, and other electronic components. Sells software, especially its PLATO computerized educational system, and data processing services. Also provides training and consulting services, computer-aided-design systems, and computer bureau services.

Strategic Importance: Computers can be crucial in maintaining apartheid because they make possible not only the concentration of administrative, coercive, and economic power, but also the ideological and psychological control that the white minority needs to maintain dominance over the black majority. About 50 percent of CDC's South African revenues comes from the public sector (national and local governments and parastatal corporations. CDC computers and

equipment are used by the weather bureau, Atomic Energy Board, and such parastatals as ESCOM (Electric Supply Commission) and ISCOR, the state-owned iron and steel company. Its disk storage devices are used on the police computers supplied by the British firm ICL. Two Control Data mainframes, with IBM computers, provide the computing center for all of the government's Council for Scientific and Industrial Research (CSIR), South Africa's key provider of military, nuclear, electronic, and industrial R&D. CDC's PLATO educational software system allows monitoring and influencing of student attitudes as well as data analysis of personal information on all its users. PLATO has been promoted by the government, advertised by CDC in the SA military journal, and adopted by a large black university (University of the Western Cape).

History of Institutional Shareholder Action:

<u>Year</u>	<u>Description of Resolution Submitted to Company</u>
1978	Sales to South Africa
1979	Sales to South Africa
1981	Withdrawal from South Africa
1982	Sales to South Africa
1983	Review of contracts with South African government
1984	Sales to South Africa

Company Position: Control Data states that its policy is not to sell to the police or military or central government department. It pursues a public affairs program oriented toward black education, and has hired Percy Qoboza, former editor of a banned black newspaper, as a consultant on these and other programs. However, there is no guarantee that CDC computers or software sold to South Africa will not be used to enforce apartheid. Nor do these policy restrictions prevent computers already sold to these agencies and departments

from being used to enforce apartheid. CDC Chairman William C. Norris has recently suggested that U.S. companies a policy of "selective investment", under which no new investments would be made that were not socially beneficial. To divestment proponents he has suggested that divestment be pushed only against companies that did not follow "selective investment." He has offered Control Data, and its PLATO program, as an example of "selective investment." Mr. Norris has become an outspoken advocate of continued U.S. presence in South Africa and defender of the PLATO program. However, critics still contend that PLATO has been accepted by the South African authorities because it gives them even greater control over black education than they had before and follows exactly the educational directions the government wants.

Church Position:

Control Data has responded to some church initiatives. For example, Control Data has prepared regular reports on its South African operations. The company also agreed not to sell computers that could be used for repressive purposes. However, in spite of this agreement, the company has refused to explain the details of their criteria and their application. In addition, the company has refused to stop sales to the South African government and its agencies and has refused to withdraw from South Africa.

BURROUGHS CORPORATION

Year Operations in South Africa Began: 1929

<u>Number of Employees:</u>	White	476
	African	55
	<u>Asian/Colored</u>	<u>32</u>
	Total	563

Total Assets: More than \$150 million (over 3.75 percent of Burroughs' total worldwide assets as of 12/31/83)

Total Sales: \$120 million (over 2 percent of Burroughs' total worldwide sales in 1983)

Number of Subsidiaries/Affiliates: 2

Names of Major Subsidiaries: Burroughs Machines Ltd.
Memorex (Pty.) Ltd. (inactive at present)

Description of Operations: Marketing and servicing of computers and business equipment. Computers include mainframes, minicomputers, and word processors, plus storage systems, terminals, printers, and punchcard equipment. Also sells software and provides engineering support.

Strategic Importance: Computers have become crucial for the maintenance of apartheid, because they have made possible the concentration of administrative, coercive, and economic power that the small white minority needs to maintain such absolute control over the great majority. In this market Burroughs vies with the British firm ICL for the number two spot behind IBM.

About 30 percent of Burroughs' South African revenues comes from the public sector (national and local governments and parastatal corporations). Burroughs computers are used, for instance, by Transvaal Province, the East Cape and East

Rand Administration Boards and numerous cities. They are also used by ISCOR, the state-owned iron and steel company.

All aspects of the South African economy -- finance, manufacturing, distribution, service -- depend on computers as well. This is especially true of companies using high technology such as military contractors. Burroughs computers are well established in South African business. Among others, they work for the huge Barlow Rand industrial group and for a unit of General Mining Union (the only major Afrikaner-run industrial group making armored vehicles and other weapons).

History of Institutional Shareholder Action:

<u>Year</u>	<u>Description of Resolution Submitted to Company</u>
1979	Sales to South African government

Company Position:

Burroughs states that it complies with U.S. government restrictions on computer exports to the South African police and military, to the SA Atomic Energy Board, and to the South African government departments of Interior Cooperation and Development, Community Development, Justice, and Manpower, and to homeland agencies carrying out similar functions. The restrictions prevent not sales to these agencies and departments but only those that help enforce apartheid. The company feels that U.S. regulations are too ambiguous for it to try to these departments. As IBM itself has pointed out, however, the current restrictions cannot guarantee that U.S. computers exported to South Africa will not be used to enforce apartheid. Nor do these restrictions prevent computers already sold to these agencies and departments from being used to enforce apartheid. The restrictions also allow the continued servicing of computer contracts that predate the regulations.

Church Position:

In response to church shareholder resolutions and initiatives, Burroughs has placed some limits on computers that would be sold to abridge human rights. However, in spite of requests of church shareholders, Burroughs has refused to stop sales to the South African government and is unwilling to place a moratorium on new investments.

A HISTORY OF ICCR RESOLUTIONS
ON SOUTH AFRICA

by

Hannah Barnes
and
Fantu Cheru, Ph.D.

This document has been written for ICCR members and others who are following closely church shareholder resolutions on South Africa. Additional copies may be ordered for \$5.00 plus postage from:

Interfaith Center on Corporate
Responsibility (ICCR)
Room 566
475 Riverside Drive
New York, N.Y. 10115

INTRODUCTION

This document contains the history of resolutions filed by members of the Interfaith Center on Corporate Responsibility (ICCR) with various corporations having involvements in South Africa. The first resolution on South Africa was filed by the Episcopal Church in 1971 with General Motors, but for the purpose of this study, 1975 was chosen as the starting date since that is the time when a preponderance of information on resolutions becomes available.

This document catalogues cases in which resolutions were filed. In the past there have been numerous discussions with companies and banks concerning South African issues. These dialogues would occasionally lead to a public commitment by the corporation thus rendering a resolution unnecessary. An example of such a case would be the United Church Board for World Ministries' discussions with Borg-Warner in the Fall of 1971. Borg-Warner, at that time, was getting a Sullivan Code rating "does not meet basic requirements." The company, as a result of the discussions, agreed to make the investments required to improve its workplace conditions (desegregate facilities, raise entry wages). Therefore, no resolution was filed.

Considerable research was done to attain the data in this document. ICCR's private files were very helpful and contained almost all the necessary information on the companies and the resolutions filed with them. In order to fill in the missing figures and other odds and ends, the IRRC's (Investor Responsibility Research Center) "Analysis" and "South African Review Service" issues were used. "The Corporate Examiner" was a good source for information regarding withdrawn resolutions. Once the information was gathered and separated by company, it was charted and coded. Also included with each chart was a section for extra comments regarding the information in the chart. The final document has been written up in this format. The guide explaining the number and letter codes immediately follows this introduction. Finally, an attempt was made to identify filers of each resolution, as well as to note the primary filers. Because so many of our members participate actively in the filing of resolutions, even as secondary filers, it was sometimes difficult to distinguish between the two. Therefore, some filers who were quite active on a resolution may be listed as a secondary filer.

There are many people to thank for their work in producing this history. most importantly, Hannah Barnes for the many hours she devoted to researching and writing this, Fantu Cheru for laying out the blueprint for the final document and its research and Patricia Burkett for many hours she spent working with Hannah Barnes and typing the final text.

Carol L. Somplatsky-Jarman
Director, International Justice

CODE FOR RESOLUTION SPONSORS

- 1 The American Baptist Home Mission Society of the American Baptist Churches in the USA.
- 2 American Friends Service Committee
- 3 American Lutheran Church
- 4 Archdiocese of Milwaukee (Roman Catholic)
- 5 Atonement Friars
- 6 Catholic Foreign Mission Society of America (Maryknoll)
- 7 Church Women United in the USA, Inc.
- 8 Church of the Brethren General Board
- 9 Church of the Brethren Pension Board
- 10 The Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America.
- 11 The Episcopal Church Publishing Company
- 12 Illinois Coalition for Responsible Investment
- 13 Iowa Coalition for Responsible Investment
- 14 Lutheran Church in America
- 15 Marianist Society, Inc.
- 16 Mid-Atlantic Coalition for Responsible Investment
- 17 Conference on Corporate Responsibility of Indiana-Michigan
- 18 Midwest Coalition for Responsible Investment
- 19 New England Coalition for Responsible Investment
- 20 Philadelphia Area Coalition for Responsible Investment
- 21 Presbyterian Church in the United States
- 22 Reformed Church in America
- 23 Region VI Coalition for Responsible Investment
- 24 Sisters of Charity of St. Elizabeth of New Jersey
- 25 Sisters of Charity of St. Vincent de Paul of New York, Inc.
- 26 Sisters of Mercy Health Corporation
- 27 Society of Catholic Medical Missionaries
- 28 Texas Coalition for Responsible Investment
- 29 The United Christian Missionary Society, Christian Church (Disciples of Christ)
- 30 Unitarian Universalist Association
- 31 Unitarian Universalist Service Committee
- 32 United Church of Christ

CODE FOR RESOLUTION SPONSORS (cont.)

- 33 General Board of Church and Society of the United Methodist Church
- 34 National Division, General Board of Global Ministries of the United Methodist Church
- 35 Women's Division, General Board of Global Ministries of the United Methodist Church
- 36 World Division, General Board of Global Ministries of the United Methodist Church
- 37 Southern New England Conference of the United Methodist Church
- 38 The United Presbyterian Church in the United States of America
- 39 Urban and Rural Ministries Office, World Council of Churches
- 40 Western New York Coalition for Responsible Investment
- 41 Wisconsin Coalition for Responsible Investment
- 42 National Office of Jesuit Social Ministries
- 43 Tri-State Coalition for Responsible Investment (CT, N.J., NY)
- 44 Consortium of filers
- 45 National Council of the Churches of Christ
- 46 Eastern Canada Synod of the Lutheran Church in America, United Church of Canada
- 47 Society of Catholic Medical Missionaries
- 48 Northern California Interfaith Center on Corporate Responsibility (NCICCR)

CODE FOR RESOLUTIONS

A Sullivan Principles
 B Tutu's Principles
 C No Expansion in South Africa
 D No Sales to the Military or Police
 E No Loans to the South African Government
 F Withdrawal from South Africa
 G South Africa Labor Practices
 H Sales to South African Government
 I Operations in South Africa
 J Presense in South Africa
 K Report on Sullivan Principles
 L Compliance with the Sullivan Principles
 M Report on Sales in South Africa
 N Munitions Sales to South Africa Disclosure
 O Computer Sales to South Africa
 P Review of Contracts with the South African Government
 Q Report on Operations in South Africa
 R Adopt Tutu's Principles or Withdraw from South Africa
 S Discontinue Operations in South Africa
 T No Nuclear Contract with South Africa
 U South Africa Disclosure
 V Prohibit Purchase of South African Coal
 W No New Coal Contracts with South Africa
 X Namibia Disclosure
 Y Contracts with South African Government
 Z Rhodesia
 AA Operation in Namibia
 BB No New Investments in Namibia *
 CC No Loans to South Africa
 DD Report on Loans to South Africa
 EE Krugerrand Sales
 FF Disclosure on Loans to South Africa
 GG Underwriter of Loans to South Africa
 HH Krugerrand Advertising
 II Committee to Review Namibia Involvement
 JJ Withdraw from Namibia

ALLEGHENY LUDLUM

Two Oliver Plaza
Pittsburgh, PA 15222
(412) 562-4000

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION										
VOTE						C				
SPONSOR						W/D				
						38				

ADDITIONAL COMMENTS:

1980 Resolution Withdrawn - According to ICCR Files, the resolution was withdrawn when the company agreed to disclose the requested information. Soon after this the Presbyterians sold their stock in Allegheny Ludlum. (Letter sent by the United Presbyterian Church USA to Allegheny Ludlum).

AMAX

AMAX Center
Greenwich, CT 06836
(203) 629-6000

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION			X							
VOTE			W/D							
SPONSOR			10							

ADDITIONAL COMMENTS:

1977 Resolution Withdrawn - According to the April 1977 issue of "The Corporate Examiner": "The resolution to AMAX on disclosure related to its mining venture in Namibia was withdrawn by the Episcopal Church when the company agreed to provide in general terms, but without figures, some of the data requested."

Note: See Appendix for the 1983 Resolution filed with AMAX by the General Pension Board of the United Methodist Church.

AMERICAN CYANIMID

One Cyanimid Plaza
Wayne, NJ 07470
(201) 831-2000

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION					C					
VOTE					W/D					
SPONSOR					10					

ADDITIONAL COMMENTS:

1979 Resolution Withdrawn - According to the March 1979 issue of "The Corporate Examiner", the resolution was withdrawn because "The company will state at the annual meeting and include in the post meeting report its position that 'at the present time we have no plans to expand the scope of our operations within South Africa.'"

AMERICAN HOME PRODUCTS

685 Third Avenue
New York, NY 10017
(212) 986-1000

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION									A	
VOTE									W/D	
SPONSOR									6	

ADDITIONAL COMMENTS:

1983 Resolution Withdrawn - The Catholic Foreign Mission Society of America (Maryknolls) withdrew its resolution requesting American Home Products to sign the Sullivan Principles or withdraw from South Africa when the company agreed to become a signatory. A copy of the letter confirming this agreement is included in Appendix A.

Note - See Appendix for the 1983 Resolution filed with American Home Products by the General Pension Board of the United Methodist Church.

BANKAMERICA

555 California Street
 San Francisco, CA 94104
 (415) 622-3456

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION				CC	CC	CC	CC	CC	FF	
VOTE				4.77	8.41	5.49	5.98	7.8	W/D	
SPONSOR				44	44	44	44	44	44	

ADDITIONAL COMMENTS:

- 1978 Consortium - Nazareth Literary and Benevolent Institution; Sisters of Mercy, Chicago; Sisters of Notre Dame de Namur, CA; United Church Board for Homeland Ministries*
- 1979 Consortium - Northern California Conference of the United Church of Christ; Sisters of Mercy, Chicago; Sisters of Notre Dame de Namur, CA; United Church Board for Homeland Ministries*
- 1980 Consortium - Nazareth Literary and Benevolent Institution; Sisters of Mercy, Chicago; Northern California Conference of the United Church of Christ; United Church Board for Homeland Ministries; Sisters of the Presentation, CA; Society of the Holy Child Jesus*
- 1981 Consortium - Maryknoll Fathers and Brothers; Sisters of Mercy, Chicago; Sisters of Notre Dame de Namur, Belmont; Sisters of the Presentation, San Francisco; United Church of Christ; Northern California Conference, United Church of Christ.*
- 1982 Consortium - American Baptist Home Missionary Society; Episcopal Church Publishing Company; Northern California Conference; United Church of Christ; Sisters of Mercy, Chicago; Sisters of Notre Dame de Namur; Sisters of the Presentation; United Church Board for World Ministries*

* Leadership was shared in the filing of the resolution.

BANKAMERICA (cont.)

1983 Consortium - United Church Board for World Ministries (primary filer); American Baptist Home Mission Society; Brothers of the Christian Schools, St. Louis District; Episcopal Church Publishing Company; Maryknoll Fathers and Brothers; Sisters of the Presentation; Unitarian Universalist Service Committee.

1983 Resolution Withdrawn - According to the March 1983 issue of "The Corporate Examiner": "Church Shareholders withdrew this resolution when bank management agreed to issue a report available to shareholders and other interested parties which will include:

- 1) 'a description of the criteria, processes and policy' the bank uses in considering loan requests by South African borrowers;
- 2) the bank's 'evaluation' of the effects of its South African lending 'on efforts of the black majority to attain social, economic and political equality';
- 3) 'a ranking by borrower category from highest to lowest percentage of the bank's South African loan portfolio as of December 31, 1982. The borrower categories will include: a) South African Government (No loans exist at present.); b) South African Government agencies and government-owned corporations; c) banks and financial institutions in South Africa; d) South African Businesses not included in the above categories; e) individuals in South Africa; f) other.'
- 4) a comparison of 1977 and 1982 amounts for each category and 'a statement whether the percentages of the South African loan portfolio have increased or decreased...' and a statement on 'whether total loans have increased or decreased comparing year-end 1982 amounts to year-end 1977 amounts.'

According to ICCR files, BANKAMERICA, nine months later, established a policy on South Africa which prohibited loans to the South African Government and its agencies: "For several years, BankAmerica has pursued a policy of loan restraint to the public sector in South Africa. For example, under present conditions, no loans will be made directly to the government of South Africa, and no such loans are outstanding.... The loans still outstanding to government corporations will mature over a few years. New loans to such entities or to the South African Government will not be made unless significant concrete steps have been taken to dismantle the apartheid laws." (September 1983 Policy Statement issued by Bank America Corporation).

BOATMEN'S BANCSHARES

Boatmen's Tower
100 N. Broadway
St. Louis, MO 63102

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION						EE				
VOTE						W/D				
SPONSOR						18				

ADDITIONAL COMMENTS:

1980 Resolution Withdrawn - According to ICCR files, the resolution was withdrawn when the bank established how minimal and restricted are its sales of the Krugerrand.

BORG - WARNER200 South Michigan Avenue
Chicago, IL 60604
(312) 322-8500

<u>YEAR FILED</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION					C	C	C			
VOTE					W/D	4.80	4.95			
SPONSOR					44	32	32			

ADDITIONAL COMMENTS:

1979 Consortium - Religious of the Sacred Heart; United Church Board for World Ministries; Vincentian Fathers, Western Province.*

1979 Resolution Withdrawn - According to the March 1979 issue of "The Corporate Examiner", the church shareholders withdrew their resolution for the reason that "A description of the company's position on its presense in South Africa will appear in the 1979 proxy statement. This position includes no sales to the government and 'present policy not to increase our investment in South Africa, and until the social and economic conditions in South Africa become more favorable, it is our intention to continue such policy.'"

*Leadership was shared in the filing of the resolution.

BURROUGHS

Burroughs Place
 Detroit, Mich 48232
 (313) 972-7000

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION					H					
VOTE					W/D					
SPONSOR					44					

ADDITIONAL COMMENTS:

1979 Consortium - Province of St. Joseph, Capuchin Order (primary filer);
National Council of Churches.

1979 Resolution Withdrawn - According to the March 1979 issue of "The Corporate Examiner", the resolution was withdrawn because "The company has adopted policy that it will 'not inject new investment capital into South Africa under present social conditions,' and that it will 'direct its employees against knowingly selling its equipment for use for oppressive purposes.'"

CATERPILLAR TRACTOR

100 N.E. Adams Street
Peoria, IL 61629
(309) 675-1000⁰⁰

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION					H	J				
VOTE					3.51	4.07				
SPONSOR					44	44				

ADDITIONAL COMMENTS:

1979 Consortium - Episcopal Church (primary filer); American Baptist Home Mission Society; Marianists, NY; United Christian Missionary Society, Christian Church (Disciples of Christ).

1980 Consortium - Episcopal Church (primary filer); American Baptist Home Mission Society; Marianists, NY; United Christian Missionary Society, Christian Church (Disciples of Christ).

CIGNA

1185 Avenue of the Americas
New York, NY 10036
(212) 819-2500

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION					GG					E
VOTE					4.13					W/D
SPONSOR					44					10:3

ADDITIONAL COMMENTS:

1979 Consortium - American Friends Service Committee (primary filer); Religious of the Sacred Heart, NY.

Note: The 1979 Resolution was filed under INA/CIGNA since CIGNA acquired INA after 1979.

1984 Resolution Withdrawn - According to the February 1984 issue of "The Corporate Examiner", the resolution was withdrawn when "Company officials informed sponsors that it is required to keep a certain amount of funds in South African government bonds and that the company attempts to choose bonds related to health and welfare interests, for example. The company stated: 'CIGNA has no operations which engage in underwriting loans. Neither CIGNA nor any of its subsidiaries not based in South Africa makes loans to the South African government or any of its agencies or instrumentalities.'"

According to ICCR files, the Lutheran Church in America recommended that church-affiliated units get rid of their stock in CIGNA since their stock is held in violation of the church's 1982 convention action concerning stock holdings in companies doing business in South Africa. (February 28, 1984 press release of the Lutheran Church in America).

CITICORP

399 Park Avenue
New York, NY 10043
(212) 559-1000

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION			CC		CC	F	CC	CC	E	DD
VOTE			2.2		4.39	1.57	7.64	5.6	4.6	W/D
SPONSOR			44		44	25:30	43*	44	44	21

ADDITIONAL COMMENTS:

1977 Consortium - The Presbyterian Church of the US (primary filer); Eastern Province of Servites; Fransiscan Friars of the Atonement; The Grail; Loretto Literary and Benevolent Institution; Lutheran Church in America; Premonstratension Fathers; Sisters of Charity of St. Vincent de Paul, NY; United Methodist World Division; United Presbyterian Church in the USA.

1979 Consortium - The Presbyterian Church, US (primary filer); Sisters of Charity of St. Vincent de Paul, NY; Unitarian Universalist Association; United Church Board for World Ministries.

1981 Filers - 43* - LaSalle Provincialate, Christian Brothers, NY.

1982 Consortium - Christian Brothers, NY; United Presbyterian Church, USA (primary filers); LaSalle Military Academy Endowment Fund; Sisters of Charity of St. Vincent de Paul, NY.

1983 Consortium - United Presbyterian Church, USA (primary filer); LaSalle Military Academy Endowment Fund; Sisters of Charity of St. Vincent de Paul.

1984 Resolution Withdrawn - According to ICCR files, the resolution was withdrawn before it was challenged at SEC for too many consecutive years filed.

COLGATE - PALMOLIVE

300 Park Avenue
New York, NY 10022
(212) 751-1200

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION							G			
VOTE							W/D			
SPONSOR							44			

ADDITIONAL COMMENTS:

1981 Consortium - Dominican Congregation of Our Lady of the Rosary; Unitarian Universalist Association.*

1981 Resolution Withdrawn - According to the February 1981 issue of "The Corporate Examiner": "Sponsors have withdrawn this resolution which asked the company to report to shareholders on its labor policy and its stance on labor unions for black workers. The company promised to update a 1974 report on its South African operations, announce the availability of highlights of reports to Dr. Leon Sullivan (originator of the Sullivan Six Principles) to requesting shareholders and to report on the status of labor relations, particularly those relating to union recognition."

*Leadership was shared in the filing of the resolution.

CONTINENTAL ILLINOIS

231 So. LaSalle Street
Chicago, IL 60693
(312) 828-2345

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION			CC	CC	CC	CC	CC			
VOTE			1.63	8.00	4.17	3.48	5.75			
SPONSOR			44	44	44	44	44			

ADDITIONAL COMMENTS:

- 1977 Consortium - Dominican Fathers, Province of St. Albert the Great (primary filer); Adrian Dominican Sisters.
- 1978 Consortium - Dominican Fathers, Province of St. Albert the Great (primary filer); Adrian Dominican Sisters; Sisters of St. Joseph, La Grange; United Church Board for World Ministries.
- 1979 Consortium - Dominican Fathers, Province of St. Albert the Great (primary filer); Adrian Dominican Sisters; School Sisters of Notre Dame, St. Louis.
- 1980 Consortium - Dominican Fathers, Province of St. Albert the Great (primary filer); Premonstratensian Fathers; Sisters of Mercy, Province of Chicago; Sisters of St. Joseph, La Grange.
- 1981 Consortium - Dominicans, Province of St. Albert the Great (primary filer); American Lutheran Church; Congregation of Sons of the Immaculate Heart of Mary, Eastern Province; Franciscan Sisters of Perpetual Adoration; Sisters of St. Joseph, La Grange.

CONTROL DATA CORPORATION

8100 - 34th Avenue South
 Minneapolis, Minn 55420
 (612) 853-8100

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u> [*]	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION				H	H		F	O	P	O
VOTE				4.55	3.30		2.5	2.9	7.73	2.2
SPONSOR				38	38		38	6	6	6

CROCKER NATIONAL

1 Montgomery Street
 San Francisco, CA 94104
 (415) 983-2000

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION				CC		CC	CC	CC	FF	
VOTE				W/D		7.38	10.30	1.5	2.5	
SPONSOR				38		44	44	48*	48*	

ADDITIONAL COMMENTS:

1980 Consortium - Sisters of Social Services, Los Angeles (primary filer);
 Sisters of the Presentation, CA.

1981 Consortium - Sisters of the Social Services, Los Angeles (primary filer);
 LaSalle Provinciale (NY CRI); Sisters of the Presentation,
 San Francisco.

1982 - 43* - Sisters of Social Services, Los Angeles.

1983 - 48* - Sisters of Social Services, Los Angeles.

1978 Resolution Withdrawn - According to ICCR files, this resolution was with-
 drawn when the sponsors sold their stock in
 Crocker National.

DOYLE DANE BERNBACH INTERNATIONAL437 Madison Avenue
New York, NY 10022
(212) 826-2000

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION							EE	HH	HH	
VOTE							2.97	2.3	W/D	
SPONSOR							27	27	27	

ADDITIONAL COMMENTS:

1983 Resolution Withdrawn - According to the March 1983 issue of "The Corporate Examiner": "The proponent withdrew this resolution when the company President Neil R. Austrian pledged that the board of directors will make the reevaluation of policy requested in the resolution and make a report on it, as requested."

DRESSER

The Dresser Building
 1505 Elm Street
 Dallas, TX 75201
 (214) 746-6000

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION						A	A	A	K	A
VOTE						11.27	8.9	8.90	5.15	11.4
SPONSOR						10	10	10	10	10

ADDITIONAL COMMENTS:

Note: According to ICCR files, Dresser announced its intention to sign the Sullivan Principles after the 1984 annual meeting.

EASTMAN KODAK

343 State Street
Rochester, NY 14650
(716) 724 -4000

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION				H	H	F	I			
VOTE				4.74	3.13	1.31	OMITTED			
SPONSOR				44	44	44	44			

ADDITIONAL COMMENTS:

- 1978 Consortium - American Baptist Home Mission Society; Bryn Mawr College; Episcopal Church Marianists, NY; Order of Servites, Eastern Province; Servants of Mary, Ladysmith; Sisters of Charity of St. Vincent de Paul, NY; Sisters of St. Francis of Penance and Christian Charity; Society of Jesus, Maryland Province; United Methodist Church National Division and World Division; United Presbyterian Church in the USA.*
- 1979 Consortium - American Baptist Home Mission Society; Bryn Mawr College; Corporation of Roman Catholic Clergymen; Dominican Sisters of the Sick Poor; Episcopal Church, USA; Marianists, NY; Unitarian Universalist Association; United Church Board for World Ministries.*
- 1980 Consortium - American Baptist Home Mission Society; Buffalo Academy of the Sacred Heart; Episcopal Church, USA; Marianists, NY; Maryknoll Fathers and Brothers.*
- 1981 Consortium - Rev. Frank Anderson, Rochester District Minister, United Methodist Church; Buffalo Academy of the Sacred Heart; Maryknoll Order; Sisters of Charity, Cincinnati; Society of the Sacred Heart, Chicago; Bishop Robert Speers, Episcopal Bishop of Rochester; Dr. Gay Wilmore, Colgate Rochester Divinity School.*

* Leadership shared in the filing of the resolution.

EASTMAN KODAK (cont.)

1981 Resolution Omitted - According to ICCR files, the church shareholder's resolution was omitted by the SEC because "the instant proposal is composed essentially of the same elements as the 1979 and 1980 proposals which were submitted for a vote of the Company's shareholders and failed to receive the percentage of the total vote specified in Rule 14a-8(c) (12)."

EATON

100 Erieview Plaza
Cleveland, OH 44114
(216) 523-5000

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION							C		A;C	C
VOTE							8.25		11.7;9.3	6.7
SPONSOR							12		1	1

ENGELHARD MINERALS & CHEMICALS

Menlo Park
CN 40 Edison, NJ 08818
(201) 632-6000

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION							I			
VOTE							2.43			
SPONSOR							42*			

ADDITIONAL COMMENTS:

42* - Chicago Province of Jesuits

EXXON

1251 Avenue of the Americas
New York, NY 10020
(212) 398-3093

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION					C	C				D
VOTE					4.93	2.6				W/D
SPONSOR					44	44				3*

ADDITIONAL COMMENTS:

1979 Consortium - Episcopal Church (primary filer); Catholic Diocese of Lansing, MI; Eastern Province of Servites; Servants of Mary; Sisters of Charity, NY; Sisters of Providence, Saint Mary-of-the-Woods; United Christian Missionary Society, Christian Church (Disciples of Christ).

1980 Consortium - Episcopal Church Publishing Company; Maryknoll Fathers and Brothers (primary filers); Catholic Diocese of Lansing; Eastern Province of Servites; General Assembly Mission Board of the Presbyterian Church in the US; Literary Society of St. Catherine of Siena; New World Foundation; Sisters of Charity(NY); Society of the Holy Child Jesus; United Christian Missionary Society, Christian Church (Disciples of Christ).

1984 - 3* - Lutheran Theological Seminary, Philadelphia.

1984 Resolution Withdrawn - According to the February 1984 issue of "The Corporate Examiner": "The sponsor withdrew the resolution in light of the company's continued support of a non-expansion in South Africa policy and its report that it does not solicit contracts to supply the South African police or military and its promise to report to shareholders its analysis of the proposed Orderly Movement and settlement of Black persons bill and the Sullivan Principles."

FALCONBRIDGE NICKEL MINES

PO Box 40
Commerce Court West
Toronto, Ontario
M51 1B4

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION					X					
VOTE					OMITTED					
SPONSOR					46					

ADDITIONAL COMMENTS:

1979 Resolution Withdrawn - This resolution was filed by Task Force on Churches and Corporate Responsibility (TCCR) in Canada. This resolution was omitted due to US and SEC rulings.

FIRST CHICAGO

One First National Plaza
Chicago, IL 60670
(312) 732-4000

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION			CC	CC	CC	CC		EE	EE	
VOTE			1.65	4.45	2.16	2.91		4.62	3.2	
SPONSOR			12*	12*	12*	12*		12*	12*	

ADDITIONAL COMMENTS:

12* - Dominicans, Province of St. Albert the Great

FIRST NATIONAL BOSTON

100 Federal Street
Boston, MA 02110

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION				CC	CC					
VOTE				8.17	W/D					
SPONSOR				44	44					

ADDITIONAL COMMENTS:

1978 Consortium - Lutheran Church in America; United Church Board for World Ministries; United Methodist Church National Division.*

1979 Consortium - Lutheran Church in America; United Church Board for World Ministries; United Methodist Church National Division; The Congregation of the Sisters of St. Joseph, Boston.*

1979 Resolution Withdrawn - According to the March 1979 issue of "The Corporate Examiner", the resolution was withdrawn because "First Boston will include in the chairman's and president's letter accompanying its proxy materials a statement that the corporation has made no new loans to the government of South Africa or its agencies and 'we have no plans to alter that policy.'"

The company published the following text in the Chairman's and President's letter: "We have recently repeated our statement of a year ago that the corporation has made no new loans to the Government of South Africa, its agencies, or its instrumentalities and any such loans on our books continue to run off.... We have further stated we have no plans to alter that policy."

*Leadership was shared in the filing of the resolution.

FIRST UNION

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION						EE		EE		
VOTE						3.73		3.6		
SPONSOR						13*		13*		

ADDITIONAL COMMENTS:

13* - Loretto Literary & Benevolent Institution = main filers

FLUOR3333 Michelson Drive
Irving, CA 92730

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION					Y	Y	F			
VOTE					4.31	2.64	2.23			
SPONSOR					6;2	6;21	6;21			

FORD

The American Road
PO Box 1899
Dearborn, Mich 48121
(313) 322-8540

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION			F		H	D	I			
VOTE			1.81		2.15	W/D	W/D			
SPONSOR			1:29:38		44	32	44			

ADDITIONAL COMMENTS:

1979 Consortium - United Church Board for World Ministries (primary filer);
Sisters of St. Joseph, St. Louis; Society of Jesus, Oregon
Province; United Presbyterian Church, USA.

1981 Consortium - United Church of Christ Boards (primary filer); American
Lutheran Church; United Church of Canada.

1980 Resolution Withdrawn - According to the March 1980 issue of "The Corporate
Examiner", the church shareholders withdrew their
resolution "when the company agreed to make the re-
ports requested."

1981 Resolution Withdrawn - According to ICCR files, the resolution was withdrawn
when Ford agreed to participate in the symposium on
South African concerns consisting of church and corp-
orate representatives and other interested people.
Reports of the symposium were to be made available to
their directors and an appropriate report of the
symposium was provided to each stockholder with
more than 1,000 shares.

GENERAL ELECTRIC

3135 Easton Turnpike
Fairfield, CT 06431
(203) 373-2431

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION			F						C	
VOTE			1.8						2.7	
SPONSOR			44						44	

ADDITIONAL COMMENTS:

1977 Consortium - Reformed Church in America; St. Mary's Educational Institute;
United Methodist Women's Division and World Division.*

1983 Consortium - National Council of Churches of Christ, USA; Reformed Church in
America; Society of Catholic Medical Missionaries; Unitarian
Universalist Association.*

*Leadership was shared in the filing of the resolution.

GENERAL MOTORS

3044 W. Grand Blvd.
 Detroit, Mich 48202
 (313) 556-5000

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION			F		H	D	I			D
VOTE			W/D		2.98	W/D	W/D			W/D
SPONSOR			44		44	44	44			44

ADDITIONAL COMMENTS:

- 1977 Consortium - American Baptist Home Mission Society; Eastern Province of Servites; Reformed Church in America; Servants of Mary; Sisters of St. Dominic, Racine; United Christian Missionary Society, Christian Church (Disciples of Christ).*
- 1979 Consortium - Sisters of Charity, (NY); United Presbyterian Church, USA (primary filers); Nazareth Literary and Benevolent Institution; United Christian Missionary Society, Christian Church (Disciples of Christ); United Church Board for World Ministries; United Methodist Church Women's Division and World Division.
- 1980 Consortium - Episcopal Church Publishing Company; Sisters of Charity, (NY) (primary filers); General Assembly Mission Board of the Presbyterian Church in the US; Maryknoll Fathers and Brothers; Society of the Holy Child Jesus; United Christian Missionary Society, Christian Church (Disciples of Christ); United Church Board for World Ministries.
- 1981 Consortium - Sisters of Charity, (NY); United Presbyterian Church in the USA (primary filers); Reformed Church in America; Sisters of Charity of St. Elizabeth; United Methodist Church Women and World Divisions; Ursuline Sisters, Louisville.
- 1984 Consortium - Presbyterian Church in the USA (primary filer); Council of Churches, City of New York; Sisters of Mercy, Rochester; Sisters of St. Francis, Dubuque, Iowa.

*Leadership was shared in the filing of the resolution.

GENERAL MOTORS (cont.)

1977 Resolution Withdrawn - According to the May 1977 issue of "The Corporate Examiner", the resolution was withdrawn when "a statement of GM's position with regard to further investment in South Africa was made public by church groups in late March." The statement said that GM would not consider further expansion in South Africa or the surrounding countries until the economic, social, and other conditions improve:

"The Republic of South Africa has been experiencing severe civil disturbances and political uncertainties are prevalent throughout Southern Africa. In addition, like many other countries which have experienced internal disorder, South Africa is in the midst of an economic recession. These conditions have had a detrimental effect on the demand for passenger cars and trucks with the result that GM South African's existing productive facilities are not being fully utilized. Consequently, the Corporation has no present need for, and has no intention of, further expanding its productive capacity in South Africa.

"The single most important factor in the creation of a more promising investment climate in South Africa is a positive resolution of the country's pressing social problems, which have their origin in the apartheid system." (1977 policy statement of General Motors)

1980 Resolution Withdrawn - According to the March 1980 issue of "The Corporate Examiner", the resolution was withdrawn by the church shareholders when "GM agreed to make the report requested in the resolution."

1981 Resolution Withdrawn - According to the February 1981 issue of "The Corporate Examiner", "Sponsors agreed to withdraw this resolution when GM offered an extensive agreement outlined as follows:

"GM agreed to make a statement that '...we (the company) will resist, through whatever legal means are available to us, any attempt by the South African government to control the corporation's facilities in South Africa.' GM promised to include in its 1981 "General Motors Public Interest Report" its response to questions from the resolution's sponsors about the South African key points legislation, the laws which give the South African government the right to take control of key industries and facilities in the event of a civil emergency. GM agreed to participate in a symposium on South Africa sponsored by church groups, including planning, contacting other companies about participation and selecting a moderator. The company further promised to include a summary of the symposium in its 1981 "General Motors Public Interest Report." GM's public policy committee will continue to periodically review public policy issues related to South Africa and to provide members of that committee with a packet of information on South Africa provided by church shareholders."

GENERAL MOTORS (cont.)

1984 Resolution Withdrawn - According to ICCR files, the resolution was withdrawn by the church shareholders who had sponsored it when an agreement was reached with GM. GM agreed to publish the key understandings reached in GM's 1984 Public Interest Report (PIR) in the basic South African section that has existed for a number of years.

There are three key paragraphs or statements of policy to be included in the PIR:

- 1) "General Motors has demonstrated its opposition to apartheid, through the implementation of the Sullivan Principles..., as well as its involvement in groups and activities within South Africa directed toward abolition of the apartheid system."
- 2) "...In addition, a heavy-duty truck line was discontinued in (1982) and, under current social and economic conditions, would not be reinstated. As a result of these actions, GMSA total sales to the South African government declined..."
- 3) Finally, a reaffirmation of GM's South African policies: "It has been and continues to be GM policy not to manufacture or sell any equipment specially adapted for use by the South African police or military... This policy is another manifestation of the corporation's strong opposition to apartheid and actions taken to maintain that system."

In addition to the changes and additions to the PIR, GM agreed to reaffirm certain important positions and continue its dialogue with church shareholders. This would also be listed in the PIR. They are: 1) No Expansion in South Africa; 2) "Key Point" Status - GM would continue to state that "GMSA's facilities are not a key point."; 3) Presentation at 1984 GM Annual Meeting - the Chairman would recognize a church representative who would make a prepared statement of no more than 3 minutes indicating the sponsor's decision to withdraw the resolution and its basis; 4) Commitment to continue Dialogue: "GM is open to discussions between the highest levels of the church and corporation." (Letter sent by the Presbyterian Church USA to General Motors.)

GETTY

3810 Wilshire Blvd.
Los Angeles, CA 90010
(213) 381-7151

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION	JJ									
VOTE	W/D									
SPONSOR	I									

ADDITIONAL COMMENTS:

1975 Resolution Withdrawn - According to the March 1975 issue of "The Corporate Examiner", the resolution was withdrawn by the sponsors when the company announced that it had decided to terminate their search for oil in Namibia and, therefore, was withdrawing from the country.

GOODYEAR

1144 East Market Street
Akron, OH 44308
(214) 794-4436

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION		U	F							
VOTE		2.36	1.95							
SPONSOR		25:35	35:36							

GULF & WESTERN

1 Gulf & Western Place
New York, NY 10023
(212) 333-7000

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION		C	C							
VOTE		W/D	W/D							
SPONSOR		45	45							

ADDITIONAL COMMENTS:

1977 Resolution Withdrawn - According to the December 1977 issue of "The Corporate Examiner", the resolution was withdrawn when "the company released a statement indicating that it has declined a number of opportunities in the past to invest in business ventures in South Africa for a number of reasons, 'not the least of which are the policies of the government of South Africa, the continuation of which makes investments there increasingly unattractive.' G&W also said it 'will continue to voice its concern for a more enlightened attitude and respect for what we consider to be the just and inalienable rights of all South Africans.'"

HEWLETT - PACKARD COMPANY1501 Page Mill Road
Palo Alto, CA 94304

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION							C	O		
VOTE							3.23	2.2		
SPONSOR							45	10;45		

INGERSOLL-RAND

200 Chestnut Ridge Road
 Woodcliff Lake, NJ 07675
 (201) 373-0123

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION									C&A	C&A
VOTE									11.2	8.05
SPONSOR									1	1

ADDITIONAL COMMENTS:

There were resolutions filed in 1981 and in 1982 by the United Methodist Pension Board. They are listed with the other United Methodist Pension Board resolutions in the Appendix.

IBM

Armonk, NY 10504
(914) 765-1900

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION	O	M				H	H	F		
VOTE	1.64	2.21				3.43	2.59	2.5		
SPONSOR	44	44				44	44	44		

ADDITIONAL COMMENTS:

1975 Consortium - United Church Board for World Ministries; American Baptist Home Mission Societies; Protestant Episcopal Church; The Province of St. Joseph, Capuchins; United Christian Missionary Society, Christian Church (Disciples of Christ); National Council of the Churches of Christ in the USA; Franciscan Friars of the Atonement; Reformed Church in America; Women's Division Board of Global Ministries, United Methodist Church; World Division, Board of Global Ministries, United Methodist Church; Home Mission Sisters of America; Mt. St. Joseph Female Ursuline Academy, Inc.; Sisters of Charity, Cincinnati.*

1976 Consortium - Sisters of St. Joseph of Peace; Sisters of St. Ursula; Brothers of the Holy Cross; United Methodist Church, World, Women's, and National Divisions; Sisters of Mercy of Chicago; Atonement Friars, National.*

1980 Consortium - American Baptist Home Mission Society; Church Women United; Episcopal Church; Episcopal Church Publishing Company; National Council of Churches of Christ; Premonstratensian Fathers; Reformed Church in America; Sisters of St. Dominic, Caldwell; Sisters of St. Joseph of Peace, Washington, D.C.; Society of the Holy Child Jesus; United Christian Missionary Society, Christian Church (Disciples of Christ).*

IBM (cont.)

1981 Consortium - General Assembly Mission Board of the Presbyterian Church, US;
United Church of Christ Boards (primary filers); Episcopal
 Church; Episcopal Church Publishing Company; Maryknolls;
 National Council of Churches of Christ; New World Foundation;
 Reformed Church in America; Sisters of St. Dominic, NJ; Sisters
 of St. Dominic, Sinsinawa; Sisters of St. Dominic; Sisters of St.
 Francis, Dubuque; Sisters of the Good Shepherd; Society of
 Catholic Medical Missionaries; Union Seminary; Unitarian
 Universalist Service Committee; United Christian Missionary
 Society, Christian Church (Disciples of Christ); United
 Methodist Church Women and World Divisions.

1982 Consortium - Catholic Archdiocese, Milwaukee; Community of Sisters of St.
 Dominic, Caldwell; Maryknoll Fathers and Brothers; New World
 Foundation; St. Clara College (Sinsinawa Dominicans); Sisters
 of St. Dominic, Wisconsin; Sisters of St. Francis, Dubuque;
 Medical Mission Sisters; Unitarian Universalist Service Comm-
 ittee; United Christian Missionary Society, Christian Church
 (Disciples of Christ); United Methodist General Board of Global
 Ministries, Women's Division; United Methodist Board of
 Global Ministries, World Division.*

*Leadership shared in the filing of the resolution.

INTERNATIONAL HARVESTER

401 North Michigan Avenue
Chicago, IL 60611
(312) 836-2000

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION							C			
VOTE							5.18			
SPONSOR							13*			

ADDITIONAL COMMENTS:

13* - Sisters of Charity, Mount Carmel.

ITT320 Park Avenue
New York, NY 10022
(212) 752-6000

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION	I	H								
VOTE	W/D	W/D								
SPONSOR	38	44								

ADDITIONAL COMMENTS:

1976 Consortium - United Presbyterian Church USA (primary filer); United Christian Missionary Society, Christian Church (Disciples of Christ); Capuchins (Detroit); Sisters of Charity of Nazareth.

1975 Resolution Withdrawn - According to the March 1975 issue of "The Corporate Examiner", the resolution was withdrawn because "ITT agreed to have its Public Affairs Committee conduct the review requested in a resolution from the United Presbyterian Church in the USA, and the resolution was withdrawn."

1976 Resolution Withdrawn - According to ICCR files, the resolution was withdrawn when the sponsors were assured by ITT that the product line under question had been divested effective January 1, 1976 and that the manager of that line had given further assurances that there was no intention of bidding on South African military or police procurements.

KENNECOTT (presently owned by SOHIO)

161 East 42 Street
New York, NY 10017
(212) 687-5800

YEAR FILED	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
RESOLUTION		C	C	I						
VOTE		3.62	4.38	W/D						
SPONSOR		44	44	44						

ADDITIONAL COMMENTS:

1976 Consortium - Episcopal Church (primary filer); United Christian Missionary Society, Christian Church (Disciples of Christ); Sisters of Charity of Nazareth; Province of St. Joseph of Capuchin Order.

1977 Consortium - Episcopal Church (primary filer); Province of St. Joseph, Capuchin Order; Sisters of St. Ursula.

1978 Consortium - Episcopal Church (primary filer); Nazareth Literary and Benevolent Institution; Sisters of Saint Ursula of the Blessed Virgin, NY.

1978 Resolution Withdrawn - According to the April 1978 issue of "The Corporate Examiner", the resolution was withdrawn because "The company will publish a report answering the questions in the proposal, summarizing wages, working conditions, and the impact of its operations on the black population in South Africa."

KIMBERLY-CLARK CORPORATION

Neenah, Wisconsin 54956
(414) 721-2000

<u>YEAR FILED</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION				F						
VOTE				OMITTED						
SPONSOR				44						

ADDITIONAL COMMENTS:

1978 Consortium - American Baptist Home Mission Society; Sisters of Saint Dominic, Racine; Sisters of the Sorrowful Mother.*

1978 Omitted - According to the April 1978 issue of "The Corporate Examiner", the resolution was withdrawn because it was filed late.

*Leadership was shared in the filing of the resolution.

MANUFACTURERS HANOVER TRUST

270 Park Avenue
New York, NY 10017
(212) 286-6000

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION			CC	CC	CC	CC				
VOTE			3.3	5.51	3.7	4.55				
SPONSOR			44	44	44	22;32				

ADDITIONAL COMMENTS:

1977 Consortium - Episcopal Church; United Church of Christ Boards (primary filers);
Union Theological Seminary.

1978 Consortium - Episcopal Church; United Church Board for World Ministries
(primary filers); Union Theological Seminary.

1979 Consortium - Episcopal Church; United Church Board for World Ministries
(primary filers); Reformed Church in America.

MERRILL LYNCH & CO., INC.

One Liberty Plaza
165 Broadway
New York, NY 10080
(212) 637-7455

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION					GG		CC			
VOTE					W/D		3.70			
SPONSOR					44		44			

ADDITIONAL COMMENTS:

1979 Consortium - Sisters of Mercy, Chicago (primary filer); Xaverian Brothers, American Central Province.

1981 Consortium - Medical Mission Sisters (primary filer); Sisters of St. Dominic, Blauvelt.

1979 Resolution Withdrawn - According to the March 1979 issue of "The Corporate Examiner", the resolution was withdrawn when the company announced that its position "is that 'Merrill Lynch and Co., its affiliates and subsidiaries have not underwritten or sold publicly or privately securities of the South African government or its agencies or instrumentalities nor have our banking subsidiaries made any such loans to them subsequent to the January 1976 issue and we have no intention of doing so as long as current conditions exist.'"

3M MINNESOTA MINING AND MANUFACTURING

3M Center General Offices
 Saint Paul, MN 55101
 (612) 733-1110

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION				F	F					
VOTE				1.94	W/D					
SPONSOR				15	44					

ADDITIONAL COMMENTS:

1979 Consortium - Marianists (Maryland); National Council of Churches(NY) (primary filers); The Augustinians (Villanova, PA); Dominican Sisters of the Sick Poor (Ossining, NY).

1979 Resolution Withdrawn - According to the March 1979 issue of "The Corporate Examiner", the resolution was withdrawn by the sponsors when the Management said that it would "support the proponents' resolution dealing with review and reporting of areas of operation of 3M's subsidiary in the Republic of South Africa. A second resolution on withdrawal from South Africa was disallowed by the Securities and Exchange Commission because it did not receive sufficient votes in 1978 to allow its resubmission this year."

MOBIL

150 East 42nd Street
New York, NY 10017

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION						C;D	D			B
VOTE						2.08;3.66	3.95			3.4
SPONSOR						44;44	44			44

ADDITIONAL COMMENTS:

1980 Consortium (No Expansion/C) - Maryknoll Fathers and Brothers (primary filer); Episcopal Church Publishing Company; Society of the Holy Child Jesus, Vassar College; Wesleyan University.

1980 Consortium (Sales to military/police/D) - American Lutheran Church; United Church Board for World Ministries (primary filers); Episcopal Publishing Company; Maryknoll Fathers and Brothers; Society of the Holy Child Jesus.

1981 Consortium -

American Lutheran Church; United Church of Christ Boards (primary filers); Episcopal Church; Episcopal Church Publishing Company; Maryknoll; New World Foundation; Sisters of St. Joseph of Cardonlet; Vassar College; United Christian Missionary Society, Christian Church (Disciples of Christ); United Methodist Women and World Divisions.

1984 Consortium -

United Church Board for World Ministries (primary filer); American Baptist Home Mission Society; Literary Society of St. Catherine of Siena (Dominican Sisters); Society of Catholic Medical Missionaries.

J. P. MORGAN

23 Wall Street
New York, NY 10015
(212) 483-2323

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION			CC	CC	CC	CC			E	E
VOTE			2.81	4.38	2.77	2.14			4.8	W/D
SPONSOR			10	44	44	44			1:10	1:10

ADDITIONAL COMMENTS:

1978 Consortium - Episcopal Church (primary filer); Church Women United;
Nazareth Literary and Benevolent Institution.

1979 Consortium - Episcopal Church, USA (primary filer); Nazareth Literary and
Benevolent Institution; Church Women United.

1980 Consortium - Church Women United (primary filer); Nazareth Literary and
Benevolent Institution; Society of the Holy Child Jesus.

MOTOROLA

1303 E. Algonquin Road
 Schaumburg, IL 60196
 (312) 397-5000

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION									E	D
VOTE									10.3	5.17
SPONSOR									44	44

ADDITIONAL COMMENTS:

1983 Consortium - Episcopal Church (primary filer); Reformed Church in America;
 Sisters of St. Joseph of La Grange.

1984 Consortium - Episcopal Church; United Church of Christ (primary filers);
 Dominican Sisters of the Sick Poor.

NEWMOST MINING CORPORATION

200 Park Avenue
New York, NY 10166
(212) 953-6900

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION			X	X						C
VOTE			3.36	3.15						3.18
SPONSOR			32	44						6

ADDITIONAL COMMENTS:

1978 Consortium - United Church Board for World Ministries (primary filer);
Lutheran Theological Seminary, Gettysburg.

OLIN/ UTC120 Long Ridge Road
Stamford, CT 06904
(203) 356-2000

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION			N							
VOTE			W/D							
SPONSOR			44							

ADDITIONAL COMMENTS:1977 Consortium - Sisters of Charity (NY) (primary filer); Vincentian Fathers.

1977 Resolution Withdrawn - According to the April 1977 issue of "The Corporate Examiner", the resolution was withdrawn because "OLIN has agreed to provide a report on its investigation of sales of arms to South Africa by OLIN's Winchester subsidiary. The report will be released within one month of the completion of an investigation of the company by the federal government. The shareholder resolution was withdrawn."

PERKINS - ELMER CORPORATION

Main Avenue
Norwalk, CT 06856
(203) 762-1000

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION								F	F	
VOTE								7.98	7.0	
SPONSOR								22	22	

PHELPS-DODGE CORPORATION

300 Park Avenue
New York, NY 10022
(212) 940-6400

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION		U	C	F	F					
VOTE		W/D	2.6	5.31	3.42					
SPONSOR		5	44	44	44					

ADDITIONAL COMMENTS:

1977 Consortium - Fransiscan Friars of the Atonement (primary filer); Fransiscan Sisters of Perpetual Adoration; Reformed Church in America.

1978 Consortium - Friars of the Atonement (primary filer); Fransiscan Sisters of Perpetual Adoration.

1979 Consortium - Friars of the Atonement (primary filer); Fransiscan Sisters of Perpetual Adoration.

1976 Resolution Withdrawn - According to ICCR files, the resolution was withdrawn when the company agreed to disclose the information requested in a report to shareholders.

PHIBRO

1221 Avenue of the Americas
 New York, NY 10020
 (212) 575-5900

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION								CC	E	
VOTE								3.58	3.8	
SPONSOR								30;36	44	

ADDITIONAL COMMENTS:

1983 Consortium - Marianist Society; Sisters of Mercy, Chicago.*

*Leadership shared in the filing of the resolution.

PHILLIPS PETROLEUM

Bartlesville, Okla 74004
(918) 661-6600

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION	II				F	L				
VOTE	4.7				5.62	4.13				
SPONSOR	44				44	1:10				

ADDITIONAL COMMENTS:

1975 Consortium - Episcopal Church (primary Filer); Atonement Friars; National Council of Churches; Reformed Church in America; American Baptist Churches; Unitarian Universalist Association.

1979 Consortium - Episcopal Church (primary filer); American Baptist Home Mission Society; Reformed Church in America.

REPUBLIC NEW YORK

452 Fifth Avenue
New York, NY 10018
(212) 930-6000

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION						EE	EE	EE;CC	FF;EE	
VOTE						OMIT	1.05	.53;.35	.92;W/D	
SPONSOR						43	44	44;44	44;44	

ADDITIONAL COMMENTS:

1981 Consortium - Medical Mission Sisters (primary filer); Dominicans, Province of St. Albert the Great.

1982 Consortium - (both resolutions) - Medical Mission Sisters (primary filer); Dominicans, Province of St. Albert the Great.

1983 Consortium (FF) - Medical Mission Sisters.

1983 Consortium (EE) - Dominicans, Province of St. Albert the Great.

1980 Resolution Omitted - According to ICCR files, Republic New York challenged the proponent's ability to submit a resolution at the SEC. The proponent's stock was not a security entitling them to vote at the next meeting. Therefore, they did not meet the eligibility requirements for submitting a shareholder proposal.

1983 Resolution Withdrawn (EE) - According to the March 1983 issue of "The Corporate Examiner", "The resolution was withdrawn in light of objections before the SEC." It was filed too many consecutive years without receiving enough votes to refile.

SCHLUMBERGER LIMITED

277 Park Avenue
 New York, NY 10172
 (212) 350-9400

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION						A				
VOTE						W/D				
SPONSOR						10				

ADDITIONAL COMMENTS:

1980 Resolution Withdrawn - According to ICCR files, the resolution was withdrawn when the company indicated that they had no role in South Africa and did not intend upon having one.

SEARS

Sears Tower
Chicago, IL 60684
(312) 875-2500

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION								CC		
VOTE								W/D		
SPONSOR								44		

ADDITIONAL COMMENTS:

1982 Consortium - United Church Board for World Ministries (primary filer);
School Sisters of St. Francis, Chicago Province; Servants of
Mary, Lady Smith, Wisconsin; Society of Catholic Medical
Missionaries.

1982 Resolution Withdrawn - According to the February 1982 issue of "The Corporate Examiner", the resolution was withdrawn because "On December 31, 1981 SEARS concluded a merger with Dean, Witter, Reynolds, an investment firm. SEAR's Vice President and Secretary C.W. Harper, requested, since the relationship between the companies was still being institutionalized, that the company be given more time to think through the implications of the policy requested in the resolution. The resolution was withdrawn when he told church sponsors that the company was willing to review the issue and formulate a policy by October 1982. Further, the company agreed that at the upcoming annual meeting it would make a statement about the filing of the resolution by religious shareholders and about the agreement to formulate a policy by October 1982 and allow a representative of the churches to address the annual meeting. The company also agreed to meet in the near future with a representative of the church shareholders to discuss the issue, to receive a packet of materials from the religious shareholders for the members of the policy committee which will consider the issue. Finally, church shareholders will be given the opportunity to address the policy committee of the directors for fifteen minutes at the meeting at which they will consider the issue in order to articulate the position of the church investors and to answer questions."

SHEARSON - AMERICAN EXPRESS

American Express Plaza
New York, NY 10004
(212) 323-2000

YEAR FILED	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
RESOLUTION						CC		CC		
VOTE						W/D		W/D		
SPONSOR						1:1		12		

ADDITIONAL COMMENTS:

1980 Resolution Withdrawn - According to the March 1980 issue of "The Corporate Examiner", "This resolution was withdrawn when the company agreed to make no further loans to the South African government or any of its agencies so long as apartheid is maintained."

1982 Resolution Withdrawn - According to the February 1982 issue of "The Corporate Examiner", "The resolution was withdrawn when, in a January 19, 1982 letter, an executive vice president of the company communicated the following as company policy:

"The management of Shearson/American Express confirms that the company has not been and does not intend to be a participant in loans to or in the underwriting distribution of bonds of the Republic of South Africa or any of its agencies or instrumentalities."

He reaffirmed the 1980 policy of American Express International Banking Corporation "to extend no further direct financing to that government nor to its agencies," adding:

"American Express Company is similarly committed and will use its best efforts to assure that all of its affiliates and subsidiaries abide by these policies as long as the present economic and political conditions and social environment prevails in that country."

SOUTHERN COMPANY

64 Perimeter Center East
 PO Box 720071
 Atlanta, GA 30346
 (404) 393-0650

YEAR FILED	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
RESOLUTION	V	V	U	U				W	V	
VOTE	3.28	*	5.9	5.45				5.39	W/D	
SPONSOR	32	32	32	44				44	24	

ADDITIONAL COMMENTS:

1978 Consortium - Sisters of Charity of Saint Elizabeth, NJ; United Christian Missionary Society, Christian Church (Disciples of Christ) (primary filers); Nazareth Convent and Academy Corporation; Sisters of Saint Dominic, Racine; Southern Christian Leadership Conference.

1982 Consortium - Sisters of Charity, New Jersey; United Christian Missionary Society, Christian Church (Disciples of Christ) (primary filers).

1983 Resolution Withdrawn - According to ICCR files, this resolution was withdrawn by the sponsors in light of SEC rules on repetition of resolutions. Individuals had previously filed such a resolution without receiving enough vote for a re-filing, thus blocking further filing by other shareholders.

* A vote was taken on the 1976 Resolution filed with Southern Company, but no figure has been located.

SPERRY-RAND

1290 Avenue of the Americas
New York, NY 10104
(212) 956-2121

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION					H	H	F	O	Q	
VOTE						5.1	1.6	5.6	5.5	
SPONSOR					34	44	18	6	6	

ADDITIONAL COMMENTS:

1980 Consortium - United Methodist Church National Division (primary filer);
Reformed Church in America; Sisters of Mercy, Omaha.

SQUIBB

PO Box 4000
Princeton, NJ 08540
(609) 921-4000

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION								A		
VOTE								W/D		
SPONSOR								3		

ADDITIONAL COMMENTS:

1982 Resolution Withdrawn - According to the February 1982 issue of "The Corporate Examiner", the resolution was withdrawn because "According to a spokesman for the American Lutheran Church, sponsor of the resolution concerning the practices of Beech-Nut Life Savers, Ltd. of South Africa, the resolution was declared moot by the SEC because in the time since the resolution was filed, SQUIBB sold its Life Savers division."

STANDARD OIL OF CALIFORNIA

225 Bush Street
San Francisco, CA 94104
(415) 894 - 7700

YEAR FILED	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
RESOLUTION	JJ	C	F			D			D	B/P
VOTE	W/D	2.11	2.97			Omit			Omit	4.11
SPONSOR	36	36	29:36			6:32			44	44

ADDITIONAL COMMENTS:

1983 Consortium - Women's Division, General Board of Global Ministries, UMC (primary filer); Marianist Society; Society of Catholic Medical Missionaries; United Christian Missionary Society, Christian Church (Disciples of Christ); World Division, General Board of Global Ministries, UMC.

1984 Consortium - United Church Board for World Ministries; Women's Division, General Board of Global Ministries, United Methodist Church (primary filers); American Baptist Home Mission Society; General Board of Global Ministries, United Methodist Church; Sisters of Mercy; Sisters of St. Dominic, Congregation of the Most Holy Name; Society of Catholic Medical Missionaries.

1975 Resolution Withdrawn - According to the March 1975 issue of "The Corporate Examiner", the resolution was withdrawn when "STANDARD OIL OF CALIFORNIA announced in February that it would abandon the search for oil offshore the territory of Namibia (South West Africa), which is illegally governed by South Africa."

1980 Resolution Omitted - According to ICCR files, the resolution was omitted by a decision of the SEC.

1983 Resolution Omitted - According to ICCR files, the resolution lost at SEC. SOCAL argued that the resolution would require them to violate South Africa's Official Secrets Act.

SUPERIOR OIL

First City National Bank Building
Houston, Texas 77002
(713) 751-4111

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION							AA	BB		
VOTE							12.81	W/D		
SPONSOR							3*	44		

ADDITIONAL COMMENTS:

3* - The Canada Section

1982 Consortium - Society of Catholic Medical Missionaries (primary filer);
Bryn Mawr College; Missionary Sisters of the Blessed Trinity;
Unitarian Universalist Association.

1982 Resolution Withdrawn - According to the February 1982 issue of "The Corporate Examiner", "The resolution was withdrawn when the company's secretary reported in a January 12, 1982 letter that the company would not be operating in Namibia because the conditions of the contract under which SUPERIOR OIL would be operating in Namibia had not been met. SUPERIOR OIL now has no interests, concessions, investments or personnel in Namibia and no plans to make any investments in Namibia."

TEXACO

2000 Westchester Avenue
White Plains, NY 10650
(914) 253-4000

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION		C	F	Z		D			D	B
VOTE		2.28	3.67	2.19		OMIT			7.3	5.1
SPONSOR		25:36	44	32		44			47	44

ADDITIONAL COMMENTS:

1977 Consortium - Sisters of Charity, NY (primary filer); Reformed Church in America; United Christian Missionary Society, Christian Church (Disciples of Christ); United Methodist World Division.

1980 Consortium - Sisters of Charity, NY (primary filer); Society of the Holy Child Jesus.

1984 Consortium - United Church Board for World Ministries (primary filer); Congregation of Divine Providence; Society of Catholic Medical Missionaries.

1980 Resolution Withdrawn - According to ICCR files, the resolution was omitted because the SEC ruled that it had been filed too many times without receiving enough votes to refile.

UNION CARBIDE

Old Ridgebury Road
 Danbury, CT 06817
 (203) 794-2000

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION	I		C	C	F	F				
VOTE	2.67		3.35	5.08	3.79	2.46				
SPONSOR	5;29		44	44	44	44				

ADDITIONAL COMMENTS:

1977 Consortium - Fransiscan Friars of the Atonement (primary filer); American Baptist Home Mission Society; Sisters of St. Ursula; Unitarian Universalist Association.

1978 Consortium - Sisters of Charity, NY (primary filer); Sisters of Mercy of the Union, NY; Sisters of St. Ursula of the Blessed Virgin Mary; United Church Board for World Ministries.

1979 Consortium - Sisters of Charity, NY (primary filer); Church of the Brethren General Board; Sisters of St. Ursula of the Blessed Virgin Mary.

1980 Consortium - Sisters of Charity, NY (primary filer); Sisters of St. Ursula of the Blessed Virgin Mary.

U.S. STEEL

600 Grant Street
Pittsburgh, PA 15230
(412) 433-1121

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION				C	C	L	L			
VOTE				5.69	5.71	5.30	4.8			
SPONSOR				10	10	10	10			

WESTINGHOUSE

Westinghouse Building
Gateway Center - Box 2278
Pittsburgh, PA 15222
(412) 255-3800

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION									S	T
VOTE									2.1	W/D
SPONSOR									13*	44

ADDITIONAL COMMENTS:

13* - Nazareth Literary and Benevolent Institution (Sisters of Charity).

1984 Consortium - Presbyterian Church USA (primary filer); Sisters of Divine Providence, Kentucky.

1984 Resolution Withdrawn - According to the February 1984 issue of "The Corporate Examiner," "The sponsors withdrew the resolution after the company did not receive the first part of the contract to provide services and train personnel for South Africa's two Koeberg nuclear plants. The remaining parts of the contract will not be allocated for a year or more."

WELLS FARGO

420 Montgomery Street
 San Francisco, CA 94163
 (415) 396-0123

YEAR FILED	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
RESOLUTION					CC	CC	CC	CC	E	
VOTE					7.35	10.49	10.83	10.0	8.2	
SPONSOR					35	44	48*	44	48*	

ADDITIONAL COMMENTS:

1980 Consortium - United Methodist Church Women's Division (primary filer);
 Norbertine Fathers; Sisters of the Presentation, CA.

48* - Sisters of the Presentation, San Francisco.

1982 Consortium - Sisters of the Presentation (primary filer); Premonstratensian
 Fathers.

XEROX

Stamford, CT 06904
(203) 329-8700

YEAR FILED	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
RESOLUTION							C	C/D	C;D	R
VOTE							4.06	10.0	5.2;6.9	4.7
SPONSOR							44	44	44;44	44

ADDITIONAL COMMENTS:

1981 Consortium - American Lutheran Church (primary filer); Church Women United Marianists, NY; Sisters of Mercy, Rochester; Sisters of St. Joseph, Buffalo; Unitarian Universalist Association.

1982 Consortium - American Lutheran Church; Public Employee Retirement System, State of California (primary filers); Church Women United; Episcopal Church Publishing Company; Lutheran Church in America; St. Clara College (Sinsinawa Dominicans); Sisters of Mercy Rochester; Sisters of St. Francis, Dubuque.

1983 Consortium (same for both resolutions) - American Lutheran Church; Public Employee Retirement System, State of California; United Church Board for Homeland Ministries (primary filers); United Church Foundation; Church Women United; Marianists, NY; Sisters of Mercy, Rochester; Episcopal Church Publishing Company; Lutheran Church in America; St. Clara College (Sinsinawa Dominicans); Sisters of St. Francis, Dubuque.

1984 Consortium - American Baptist Home Mission Society; United Church Board for World Ministries (primary filers); St. Clara College (Sinsinawa Dominicans).

APPENDIX

The following resolutions were filed by the General Board of Pensions of the United Methodist Church which is not a member of the Interfaith Center on Corporate Responsibility. These have been included in this study because they can be of help to those wishing to file with these companies in the future in order to avoid repetitive filing in violation of the SEC's rules.

<u>COMPANY</u>	<u>YEAR</u>	<u>RESOLUTION</u>	<u>VOTE</u>	<u>COMMENTS</u>
Amax	1983	A	OMITTED	According to the March 1983 issue of "The Corporate Examiner", the resolution "arrived at the company after the deadline for inclusion in the proxy statement and were then withdrawn by the sponsor."
Allis-Chalmers	1983	A	W/D	According to ICCR files, the resolution was withdrawn after the company signed the Sullivan Principles.
American Home Products	1983	A	OMITTED	According to the March 1983 issue of "The Corporate Examiner", the resolution "arrived at the company after the deadline for inclusion in the proxy statement and were then withdrawn by the sponsor."
Baxter-Travenol	1983	A	W/D	According to ICCR files, this resolution was withdrawn by the sponsors because they felt that they would get better response through talks with the company.
Dun & Bradstreet	1983	A	9.95	
Dun & Bradstreet	1984	A	10.71	
Foster Wheeler	1983	A	OMITTED	According to the March 1983 issue of "The Corporate Examiner", the "resolution arrived at the company after the deadline for inclusion in the proxy statement and were then withdrawn by the sponsor."
Ingersoll-Rand	1980	A	5.30	
Ingersoll-Rand	1982	L	W/D	According to the March 1982 issue of "The Corporate Examiner", "After several discussions between representatives of the pension board and company management, the company agreed to adopt a set of "Intersoll-Rand Principles" relative to South Africa, designed to be the equivalent of the Sullivan

Principles.... On February 12, 1982 the General Pension Board deemed the Ingersoll-Rand Principles to be the equivalent of the Sullivan Principles and withdrew the resolution."

International
Flavors and
Fragrances

1983

A

OMMITTED

According to the March 1983 issue of "The Corporate Examiner", the resolution was omitted because it "arrived at the company after the deadline for inclusion in the proxy statement and were then withdrawn by the sponsor."

IS U.S. INTERBANK LENDING IN SOUTH AFRICA FOR U.S.-R.S.A. TRADE?

With a Listing of the Overall Exposure of Individual U.S. Banks

by

John E. Lind

California-Nevada Interfaith Committee on Corporate Responsibility
P.O. Box 6819, San Francisco, CA 94101 (415) 863-8060
September 1985

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INTRODUCTION

Between the end of 1980 and the end of 1984, the lending by U.S. banks to the South African economy increased 4.5 fold as shown in figure 1. This increase in lending was primarily in interbank lending to South African banks which increased over seven fold and accounted for 69% of the total lending by the end of 1984. This increase in interbank lending is in contrast with the lending to the government and government owned corporations which has remained relatively constant over this period. Presumably the reason that government sector lending has not increased proportionally is the pressure against such lending by church investors, pension funds and the enactment of legislation by states and cities preventing them from using banks which lend to the government sector. Even the government relations council of the American Bankers Association is recommending a policy of no government lending and whichever sanctions bill passes congress in September will carry the sanction against bank lending to the government sector. Thus the third of a billion of outstandings of U.S. banks to the government sector will run off over the next few years.

Since June of 1984, the South African economy has been turning down and weakening with a rapid depreciation of the South African Rand versus the U.S. Dollar. This has resulted in a decline of U.S. bank lending by \$780 million or nearly one-sixth during the six months comprising the last quarter of 1984 and the first quarter of 1985. This drop was entirely caused by a decrease in interbank lending as seen in Figure 1. During this period, the South African currency devalued rapidly versus the U.S. dollar and the Bank of England expressed concern over the large foreign exchange exposure of the major South African banks. This rapid decrease of interbank lending was possible because of the short-term nature of much of it.

This report will discuss the private sector lending and will show that U.S. bank lending is not related to U.S.-South Africa trade. Rather, increases of lending correlate well with deficits in the South African balance of payments. Then estimates are made of the total South African outstandings of the 21 U.S. banks that provided 93% of all U.S. bank lending to South Africa at the end of 1984.

PRIVATE SECTOR LENDING

The private sector lending is divided into bank and non-bank lending with this lending being reported by the Financial Institutions Examinations Council in their Country Exposure Lending Survey separately for each of three groups of banks: the nine money Center banks, the other 15 large banks and the "all other banks" (the remaining 182 banks in the survey). Thus from this federal publication, the differences in the lending patterns of these three groups of

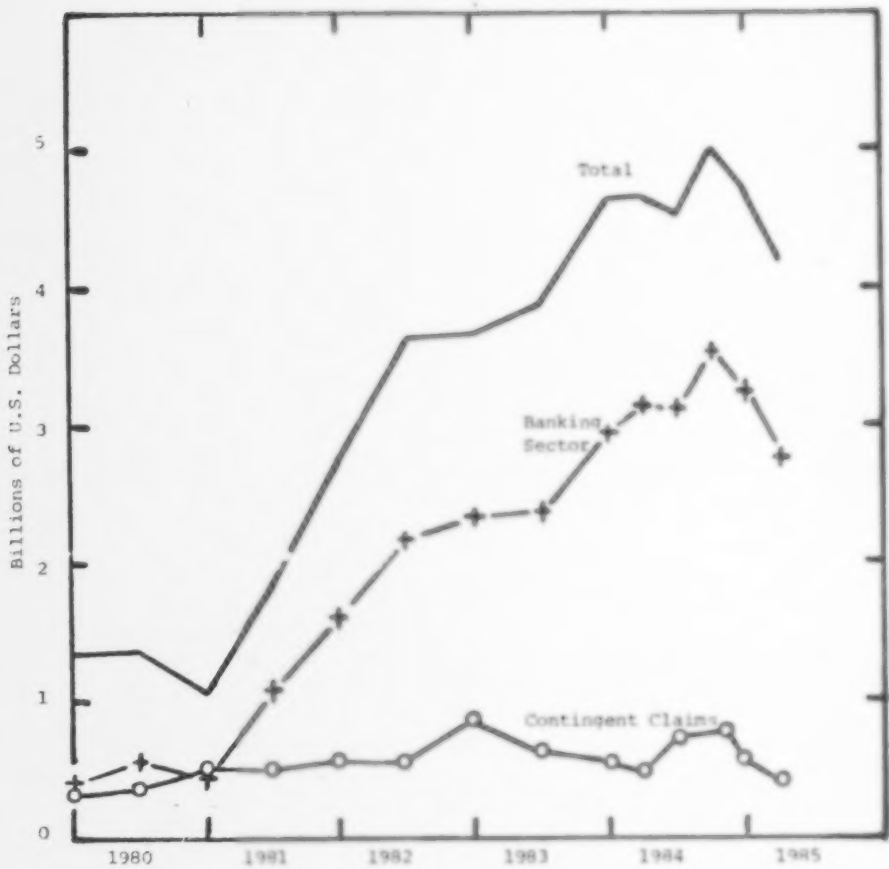


Figure 1. U.S. bank lending in South Africa. Solid line represents all U.S. bank lending to all sectors of the South African economy. Graph with crosses for data points represents lending to South African Banks, and the graph with circles for data points represents contingent claims of U.S. Banks in South Africa.

banks can be seen. Table I shows the private sector lending of this group of banks at the end of 1984 together with the percentage of that lending that was to the non-bank sector. Table II which will be discussed later lists the banks in each of the first two groups.

TABLE I: Private Sector Outstandings in South Africa by U.S. Bank Group as of December 31, 1984.

Bank Group Defined by Country Exposure Lending Survey	Total Private Sector Outstandings U.S.\$ Millions	Non-Bank Private Sector As % of Private Sector
Nine Money Center Banks	2,871.6	33%
Other 15 Large Banks	1,045.4	4%
NCNB	123	37%
All Other Banks (excluding NCNB)	311	27%

Sources: Country Exposure Lending Survey and Annual Report of NCNB.

For the money center banks, which are the large international banks, about a third of their lending is to non-banks and two-thirds to banks. However, for the "other 15 large banks", only a mere 4% is lent to the non-bank sector and this non-bank lending has remained about \$50 million with some fluctuations over the past five years. Thus the closer connections of the international banks to South Africa are required for significant amounts of lending to the non-bank sector. Of the money center banks, Citibank has a subsidiary operating in the South African banking system and Chase Manhattan has a branch office in South Africa, while the others operate through their London offices. Presumably, the other 15 large banks lend to the South African banks through the London offices of the major South African Banks, but do not have the connections necessary for a large amount of nonbank lending.

Some surprises occur for the last group of "all other banks". The exposure of one bank of this group is known because its exposure is greater than 0.75% of its total assets and it must therefore report this exposure in its annual report. This bank is NCNB (North Carolina National Bank) and it is well connected with South Africa through its representative office in Johannesburg. Thus it shows the same lending pattern as the money center banks with over one-third of its private sector lending in the non-bank sector. NCNB's lending was about one-fourth of the total in this last group of banks. When NCNB is subtracted out from the group in Table I, the group still shows a high exposure to the non-bank sector of South Africa. These banks might include some of the small subsidiaries of the United Kingdom banks like National Westminster USA, Barclays Bank of New York, Schroders (NY), and Union Bank of California (Standard Chartered). Other possibilities are smaller international banks like American Express International and European American Bank.

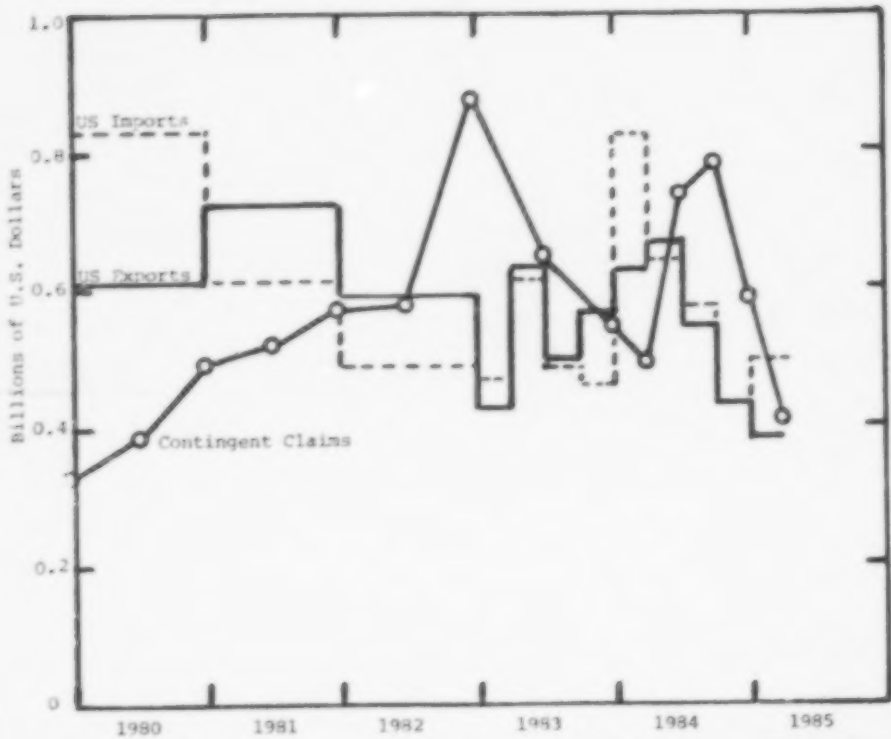


Figure 2. U.S. exports to and imports from South Africa on a quarterly basis as compared to contingent claims of U.S. banks in South Africa. Average quarterly exports and imports are used for the earlier years to reduce the congestion in the graph. Solid line represents U.S. exports and dashed line represents U.S. imports. Graph with circles for data points represents contingent claims of U.S. banks in all sectors of South Africa. Sources: Contingent Claims - Country Exposure Lending Survey, Federal Financial Institutions Examination Council, Table III; U.S. annual data converted to average quarterly amounts for 1980-1982 - U.S. Imports, Commerce Dept. PT 155, and U.S. Exports, Commerce Dept. PT 455; quarterly data for 1983-1985 from U.S. Commerce Dept. PT 990.

INTERBANK LENDING:

Since seven-tenths of the U.S. bank lending at the end of 1984 was to South African banks, the question can be raised as to whether or not this lending is financing specific trade between the two countries. The argument below will show that most of this lending is not directly related to the U.S.-R.S.A. trade. The volume of this lending is directly correlated with the South African balance of payments. The lending is short-term and is most likely short-term deposits on call, loans to South African banks, bankers acceptances and other trade financing for trade with other countries. Such lending can easily be arranged through the London offices of the major South African banks.

TRADE FINANCING:

One index of trade financing activity is the level of contingent claims of U.S. banks on South African banks. These contingent claims include letters of credit used in trade finance. Their total amount is shown at the bottom of figure 1 to be relatively constant at between one-third and two-thirds of a billion dollars during the period of rapid increase of interbank lending.

These data for contingent claims on South Africa are replotted in figure 2 with an expanded scale. In the same figure is also plotted the quarterly U.S. exports to and imports from South Africa. The quarterly, rather than the annual, exports and imports are given because much trade financing is of relatively short term, three months or less. Thus the U.S. quarterly exports should be comparable to the reported contingent claims like letters of credit which later result in claims in the form of bankers acceptances. Indeed, figure 2 shows that the contingent claims are roughly equal to the quarterly U.S. exports to South Africa.

The contingent claims increased from about \$300 million at the end of 1980 to fluctuations around \$600 million in 1983 and 1984, while U.S. exports have fluctuated around \$500 to \$600 million over the same time period. Thus there certainly has not been any great increase of U.S.- South African trade over this period to generate increased bank activity to finance it. At most the slight increase of contingent claims might suggest slight changes in the method of trade finance. Even if U.S. banks finance all U.S. exports to and imports from South Africa, the total would only be \$1 billion on a quarterly basis. This is still much less than a third of the interbank lending. It is also unlikely that the length of the term of maturity of this lending could have significantly increased during this period, because 84% of all U.S. lending is of short term with a maturity of one year or less, at the end of 1984.

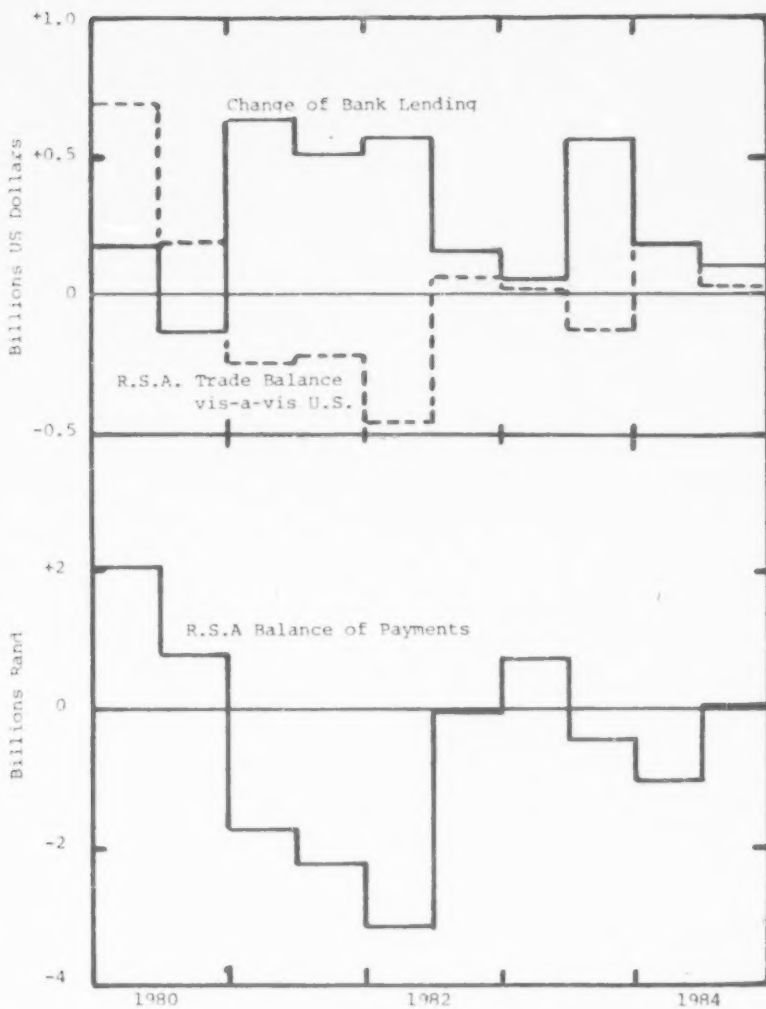


Figure 3. Upper figure: Solid line is semi-annual increase of U.S. inter-bank lending to South African banks. Dashed line is South African trade balance vis-a-vis the U.S. Lower figure: South African balance of payments world-wide in rand. The rand scale is one fourth the dollar scale because U.S. lending is about one fourth of foreign bank lending and thus the dollar and rand scales are approximately directly comparable by incorporating the scale factor in the graph scaling. Sources: U.S. interbank lending from *Country Exposure Lending Survey*, Federal Financial Institutions Examinations Council; U.S. imports and exports, Department of Commerce FT 990, R.S.A. balance of Payments from the Reserve Bank of South Africa bulletin.

As a result we must argue that most of the interbank lending by U.S. banks does not go to finance direct U.S.-South African trade. The question is then: what does this lending finance?

SOUTH AFRICAN BALANCE OF PAYMENTS:

The increase of interbank lending in Figure 1 generally shows a plateau when the price of gold is high such as in 1980 and in the late 1982 through early 1983. Since gold accounts for about half of South Africa's exports world wide, the South African balance of payments is sensitive to the price of gold. When it is high, the country has plenty of foreign exchange to finance its imports, but when the price is low the country runs a negative balance of payments. The lower graph in figure 3 shows the balance of payments on a semi-annual basis expressed in local currency (rand). Out of the ten semi-annual periods during 1980 through 1984, four showed a positive balance of payments; and the three of these four semi-annual periods which showed significant positive balance of payments were just those when the price of gold was high.

Interestingly enough when the semi-annual increase of U.S. interbank lending to South African banks is plotted in the upper portion of figure 3, the pattern is almost a mirror image about the horizontal plane of the balance of payments. That is, when the South African balance of payments goes negative, U.S. interbank lending increases proportionately. Also plotted with the incremental changes of U.S. bank lending is the South African balance of trade vis-a-vis the U.S. It follows the general South African balance of payments, but amounts to only a small fraction of the U.S. bank lending.

When the total South African balance of payments is converted into dollars, using the conversion data in figure 4, the U.S. bank lending can be directly compared to the deficits of the South African balance of payments. Over 92% of all U.S. interbank lending occurred in the six semi-annual periods when the balance of payments was negative, and the U.S. lending was equivalent to compensating for 30% of the payments deficit. The remaining small amount of 8% of the increase of U.S. interbank lending occurred in the four semi-annual periods when the balance of payments was positive.

Obviously this correlation will not continue into 1985 because the interaction between the economic problems and the political instability are raising the question of investment risk in South Africa. This has resulted in further devaluation of the rand since the summer of 1984, as shown in figure 4, and a rapid decrease of U.S. interbank lending since the last quarter of 1984.

However, for the 5 - year period 1980 through 1984, there is a very good correlation between increases of U.S. interbank lending and negative balance of payments in South Africa. Since 84% of U.S. lending in South Africa at the

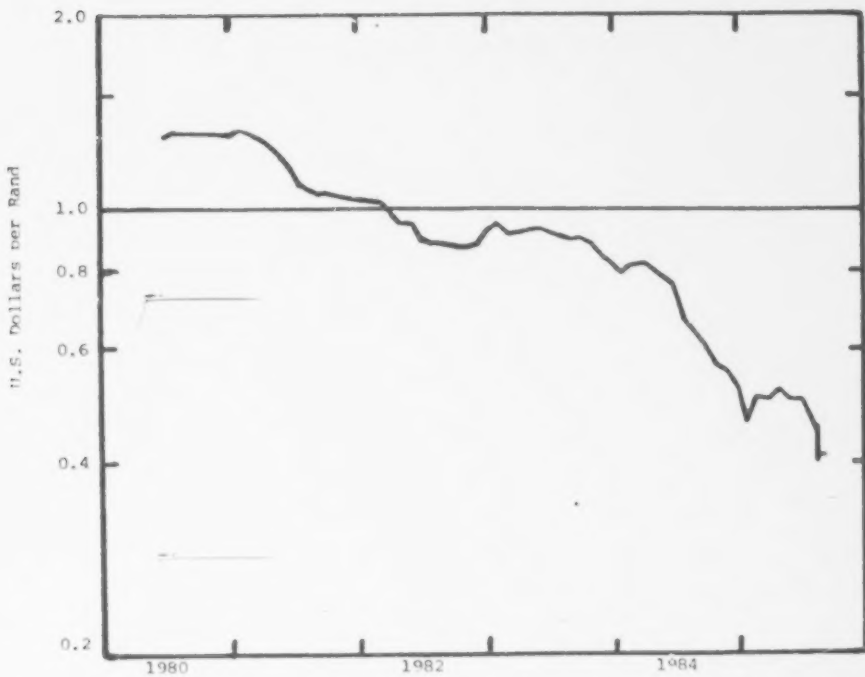


Figure 4. Currency Conversion, U.S. Dollars per Rand. The currency conversion is plotted on a logarithmic scale so that equal linear changes of the conversion factor at any point on the graph represent equal percentage changes in the exchange rate. Source: Monthly averages of certified noon buying rates in New York for cable transfers, Table 3.2B, Federal Reserve Bulletin.

end of 1984 had a maturity of one year or less, this short maturity raises a serious question. If our analysis is correct, then balance of payments deficits are being financed by South Africa banks through short-term financing. This is a dangerous practice, since such imbalances are being carried over on the books of U.S. banks by rolling over this short term debt, effectively making it into medium term financing. However, since the U.S. banks can pull 84% of their lending out of South Africa within a year just by banning new loans, the South African banks could find themselves with serious liquidity problems in foreign currencies.

This appears to be what has happened, for there is certainly concern over the exposure of South African banks in foreign currencies. In November 1984, the South African Reserve Bank swapped and sold gold to bolster the economy gaining \$150 million in foreign exchange. Since subsidiaries of U.K. banks at the end of 1984 represented over half the assets of the South African banking system, the Bank of England began asking question of these U.K. banks about their South African operations and also started looking into the London branches of all South African banks. As a result of the Bank of England pressure, the South African Reserve Bank has set up a new section to supervise credit risk exposure of South African banks, including forward exchange contracts and overall exposure in the world markets. This over-exposure is part of the downward pressure on the rand since mid-1984.

In summary we can say there is definitely a liquidity problem that is beginning to show itself because of the overexposure of South African banks in the short term. This is consonant with the thesis that short term U.S. bank lending is being used to solve medium term balance of payment problems of the South African economy.

CONCLUSION:

U.S. interbank lending to South African banks over the five years 1980 through 1984 has increased in direct relation to periods of deficit in the South African balance of payments. It is not related directly to U.S.-South Africa trade which has remained about constant over that five year period. Admittedly, some U.S. interbank lending may have picked up through financing South African trade with other countries, either through direct financing or buying up banker's acceptances for that trade.

LENDING BY INDIVIDUAL BANKS IN SOUTH AFRICA

About 93% of all U.S. bank lending in South Africa at the end of 1984 was done by 21 U.S. banks. Thus bank lending in South Africa is significantly more concentrated in the hands of a few large banks compared to lending in Latin America. These banks are among the 25 banks listed in Table II. The banks in this table were selected because of 24 of them constitute two subgroups for which the federal authorities provide subgroup totals of their lending in South Africa. The nine money center banks provide about two-thirds of the lending, the other 15 large banks provide another quarter of the lending and the remaining 182 banks in the survey account for the remaining one-tenth of the lending. The 25th bank is NERD, which is the one bank of the smaller banks, which has an exposure of greater than 0.75. of assets and must report its exposure in its annual report.

The end of 1984 was chosen for this analysis because more data were available for that date. However, in the first quarter of 1985, U.S. bank exposure decreased by 10% and presumably has continued to decrease since then at least a comparable rate.

The analysis leading to the exposure of each of the banks listed in the table is as follows: For each subgroup of banks in the federal survey, their total exposure in South Africa is known from the Federal Survey. For a few of the banks in each group, their individual exposure is known from their annual reports or their own disclosure. These known individual exposures are totaled and subtracted from the total for the subgroup given by the federal survey. The remainder was then apportioned among the remaining banks proportional to the foreign assets of each bank. Total international assets were chosen because a more precise index like the international assets in Africa and the Middle East was not used consistently by all the banks in their annual reports.

The first column in Table II lists the outstandings to the South African government and state owned corporations. Most banks have no outstandings in this sector of the South African economy. For the few that have remaining loans on the books, most have either a policy or a present practice to let those loans run off the books. The one or two banks which do not have such a policy or practice will be forced to adopt such a practice if sanctions are passed by the Congress in September. Among the money centered banks, only Morgan has a high exposure but Morgan has adopted in 1985 a policy not to renew or make new loans. The distinction between a policy of no lending and a present practice of no lending blurs together when the present practice has been in force for a number of years and seems to have become a policy. However, where there are still outstandings but the bank has made a statement of reducing those outstandings as a matter of policy or practice, this is indicated in the table by Po for policy and Pr for practice.

TABLE II: LENDING BY U.S. BANKS IN SOUTH AFRICA AT THE END OF 1984.

Bank	Government and Parastatals Outstandings	Banks+Nonbank Private Sector Outstandings	Reporting Level of 0.75% Assets	Total Outstandings E-Estimated
Money Center Banks: Millions of U.S. Dollars				
Citicorp	3 Pr		1,129	840 E
BankAmerica	0	214	883	200
Chase Manhattan	0		652	470 E PPr
Mag. Hanover	0		455	310 E
Morgan	Po		481	350 E
Chemical NY	0		382	220 E
Continental Illinois	0	230-300	228	270
Bankers Trust	0		339	270 E
First Chicago	0	0	298	0 Pr
				2,930
Country Exposure	202.3	2,871.6		3,073.9
				2,933.5 (Adj.)
Other 15 Large Banks:				
Security Pacific	0		346	150 PPr
First Interstate	0		341	10 E
Wells Fargo	0	0	211	0 Po
Crocker (Midland Plc)	25 E Po		167	110 E
Mellon	0	1 Po	230	1 Po
Marine Midland	0		165	150 E
Bank of Boston	0	75 Po	166	75 Po
Irving	0	205	142	205
Bank of New York	0	12*	114	12*
Interfirst	0	0	162	0 Pr
RepublicBank (TX)	0		162	100 E PPr
NBD	0	0	107	0 Pr
Texas Commerce	20*	13.5*	155	33*
First City			130	25 E
Republic NY			93	90 E
				995
Country Exposure	118.6	1,045.4		1,164.0
				996.5 (Adj.)
"All Other Banks":				
NCNB	7 Po	123	118	130
Other Banks	25	311		264
				394
Country Exposure	32.2	434.3		466.5
				393.8 (Adj.)
All U.S. Banks in Survey				
Country Exposure	353.1	4,351.3		4,704.5
				4,323.8 (Adj.)

Country Exposure - Country Exposure Lending Survey, Federal Financial Institutions Examination Council. Now issued quarterly and lists exposure by residence of borrower and then adjusted (Adj.) for loan guarantees from other countries. E - Estimated, Po - policy to reduce number to zero, Pr - Practice to reduce number to zero, PPr present practice not to lend, * Data for 1983.

The second column lists the private sector lending including interbank lending for each bank whenever it is known. The third column lists the dollar equivalent of 0.75% of the total assets of the bank. This is the level above which the bank must report its outstandings in a given country in its annual report. Only three of the banks exceed this limit (Continental Illinois, Irving, and NCNB), and thus these numbers are upper bounds to the lending of each of the remaining banks, and any estimate we make of their lending must be lower than this number.

The last column lists the total exposure of each bank in South Africa, either known from some source or estimated. Those that are estimated are followed by an "E". The details and sources are given in the appendix. A number of banks in the beginning of August announced a present practice of no lending to the private sectors of South Africa. It is not certain however, that this practice will remain in force until all outstandings run off the books. These banks are noted by a PPr (Present Practice) after their exposure in the table. Other banks which have stated a policy or a practice of letting their South African outstanding run off the books or have none on the books are noted by Po and Pr respectively after the amount of their outstandings in the table. The banks which might have outstandings in South Africa in the third group called "all other banks" was discussed on page 2. Several banks in that group announced a present practice of no further lending in South Africa. These are Harris Bancorp (Chicago, a subsidiary of Bank of Montreal), Norwest (Minneapolis) and MCorp (Dallas).

Finally there is a question of how much exposure is there in South Africa from banks not in the federal survey. These other banks would include small U.S. incorporated banks with assets under about a billion dollars and the U.S. branches of foreign banks. Only a rough estimate of the outstandings of these latter groups of banks can be made because it involves the subtraction of two large numbers which are not exactly compatible and in which there is some double counting.* This subtraction suggests that perhaps another \$370 million of exposure at the end of 1984 by smaller banks and U.S. offices of foreign banks. Thus at most, 14% of all lending from the U.S. is left unaccounted for among the banks and branches not included in the list of 25 banks in Table II.

* This number is the result of subtracting the Country Exposure Lending Survey from the sum of Table 3.18 (Federal Reserve Bulletin) and Statistical Release E.11. Any double counting arises from Citibank's branch in South Africa and the home office. This subtraction assumes that all the lending from the bank office in the U.S. is in U.S. dollars.

APPENDIX: SOURCES AND DETAILS OF INDIVIDUAL BANK LENDING**MONEY CENTER BANKS:**

Citicorp: In a letter of Feb. 6, 1985, Hans Angermueller, Vice Chairman of Citibank, stated that outstandings on existing public sector loans were expected to be eliminated on or before March 31, 1985.

BankAmerica Corp: Stated at the 1985 annual meeting that outstandings in South Africa were less than at the end of 1982. Church investors knew that their outstandings at that time were about \$214 million.

Chase Manhattan: Ban on all present South African lending (Wall Street Journal 1/8/85, New York Times 1/8/85) was reported with estimates of exposure running between \$400 and \$500 million.

Morgan: Policy of no lending to the South African government and state owned corporations stated in a letter of April 3, 1985 by David L. Brighten of Morgan to ICCR.

Continental Illinois: Exposure given in 1984 annual report because it exceeded 0.75% of assets.

First Chicago: Report in IRRC survey of \$4 million total outstandings and implied that the exposure was running off the books.

15 OTHER LARGE BANKS

Security Pacific: Bank has had a practice for several months of not to lend any money to South Africa (NYT 8/3/85). Letter from R.H. Smith, Vice Chairman, to NC-ICCR stated "we have been liquidating our term bank and private sector financing..., but continue to provide short term trade financing to banks." He also indicated that private sector outstandings would be between \$100 and \$150 million at the end of 1985.

First Interstate: Statement at their 1985 annual meeting indicated that their outstandings as "A miniscule amount of credit is still outstanding on declining balances of trade-finance agreements." For the purpose of estimation an exposure of \$10 million is assumed as relatively small.

Wells Fargo: Letter of November 30, 1984, from Lewis W. Coleman, Executive Vice President to NC-ICCR, stated that the bank has no loans or investments in South Africa.

Crocker National: Policy statement of March 15, 1985, of no further lending to the South African government or parastatals.

Mellon: Phone Call by bank on August 7, 1985, to ICCR stating that their loans to South Africa are running off the books and only \$1 million of private sector loans have yet to run off.

Bank of Boston: Statement in Wall Street Journal (3/26/85) that the bank will discontinue all remaining lending in South Africa. It indicated it had about \$75 million outstanding to 9 South African banks which would run off the books by mid-1986.

Irving: Exposure given in 1984 annual report because it exceeded 0.75% of total assets.

Bank of New York: Stated in IRRC survey that its outstandings were \$12 million at the end of 1983.

Interfirst: Reported to IRRC that it had no outstanding in South Africa.

Republic Bank (TX): S.F. Chronicle (8/6/85) U.P. release state Republic Bank of Dallas has extended the ban on South African lending to the private sector.

NBD: IRRC survey reports no outstandings as of April 1984.

Texas Commerce: Exposure reported in 1983 annual report but not in 1984.

ALL OTHER BANKS

WONB: Exposure is reported in the bank's annual report. Policy of no lending to the South African government and its parastatals reported in the Wall Street Journal (2/20/85).

Other banks in this category stated they have a present practice of banning private sector loans in South Africa are Harris Bancorp (a subsidiary of the Bank of Montreal), Northwest Corp (Minneapolis) and MCorp (Dallas). (N.Y. Times 8/3/85).

Sources: The IRRC Survey is Foreign Investment in South Africa of the Investor Responsibility Research Center, December 1984. Unless otherwise noted the source of information relating to outstandings with the government sector is from the IRRC survey or the statements in What the Banks Say on South Africa, by Pantu Cheru and Jim Winkler, Interfaith Center on Corporate Responsibility.